

**HOUSE OF ASSEMBLY****Friday, 29 July 2016****ESTIMATES COMMITTEE B****Chair:**

Mr L.K. Odenwalder

**Members:**

Hon. A. Piccolo  
Mr J.P. Gee  
Mr E.J. Hughes  
Mr S.K. Knoll  
Mr A.S. Pederick  
Mr D.G. Pisoni

*The committee met at 08:59**Estimates Vote*

**DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$636,641,000**  
**ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND**  
**INFRASTRUCTURE, \$9,719,000**

**Minister:**

Hon. S.C. Mullighan, Minister for Transport and Infrastructure, Minister for Housing and Urban Development.

**Departmental Advisers:**

Mr M. Deegan, Chief Executive, Department of Planning, Transport and Infrastructure.

Mr P. Gelston, Chief Operating Officer, Department of Planning, Transport and Infrastructure.

Ms J. Tepohe, Chief Corporate Officer, Department of Planning, Transport and Infrastructure.

Mr B. Cagialis, Chief Finance Officer, Department of Planning, Transport and Infrastructure.

**The CHAIR:** Welcome, minister. This is a relatively informal procedure. As such, there is no need to stand to ask or answer questions. I understand you have agreed to an approximate time line for consideration of the payments. Does that time line still stand?

**Mr PISONI:** We tried to get some clarification on the actual time lines between 9:00 and 11:00 to try to get some flexibility.

**The Hon. S.C. MULLIGHAN:** To be honest, I do not even have it in front of me, David. Can you just let me know what it is?

**The CHAIR:** I will let you know. What I have here is from 9 to 9.30, infrastructure, planning and management; 9.30 to 10, roads and marine; and 10 to 11, public transport.

**Mr PISONI:** I just want to keep it in that order.

**The Hon. S.C. MULLIGHAN:** If you want to bleed in between, that is fine.

**Mr PISONI:** We will keep it in the same order.

**The Hon. S.C. MULLIGHAN:** Yes, but if you go over, that is fine.

**The CHAIR:** You are happy to range around? You will not need to chop and change advisers and that sort of thing?

**The Hon. S.C. MULLIGHAN:** If we will, I will let you know.

**The CHAIR:** You are happy you have everyone, alright. So, we will go through to 11, ranging broadly over transport and infrastructure. Changes to committee membership will be notified as they occur. If the minister undertakes to supply information at a later date, it must be submitted to the committee secretary by no later than Friday 28 October 2016. I propose to allow both the minister and the lead speaker of the opposition to make opening statements of about 10 minutes if they wish.

There will be a flexible approach to giving the call for questions, based on about three questions per member, alternating each side. Supplementary questions will be the exception rather than the rule. Questions must be based on lines of expenditure in the budget papers and must be identifiable or referenced. Members unable to complete their questions during the proceedings may submit them as questions on notice for inclusion in the House of Assembly *Notice Paper*.

There is no formal facility for the tabling of documents; however, documents can be supplied, as long as they are purely statistical and limited to one page in length. All questions must be directed to the minister but, as I said, it is up to the minister's discretion as to who answers them and how relaxed the questioning becomes.

During the committee's examinations, television cameras will be permitted to film from both the northern and southern galleries. I declare the proposed payments open for examination, and I refer members to the Agency Statements, Volume 3. I now call on the minister to make a statement, if he wishes, and to introduce his advisers.

**The Hon. S.C. MULLIGHAN:** I do not wish to make a statement, but I will introduce Michael Deegan, the Chief Executive of the Department of Planning, Transport and Infrastructure; Paul Gelston, the Chief Operating Officer; and Julianne Tepohe, the Chief Corporate Officer. If you have omnibus questions, it is up to you when you want to read them in or, if you do not, that is fine as well.

**The CHAIR:** We will set aside two or three minutes at the end for some omnibus questions.

**The Hon. S.C. MULLIGHAN:** We can do it at the end or the beginning. It is up to you. I am not fussed.

**Mr PISONI:** Will they take them on notice?

**The Hon. S.C. MULLIGHAN:** Yes.

**The CHAIR:** Member for Unley, you are the lead speaker, I assume. Do you wish to make a statement?

**Mr PISONI:** Mr Knoll, I think, will probably handle that and do that at the end.

**The CHAIR:** Do you wish to make a statement at this time?

**Mr PISONI:** No, I will just go straight into questions. Minister, can I take you to page 78 of Budget Paper 4, Volume 3, the Torrens Junction. The budget of June 2008 made reference to \$162 million for a tram line extension to the Entertainment Centre which, obviously, is now complete, and a subsequent connection to the Outer Harbor line for the purpose of light rail services. Then, in October 2013, in a press release from the then minister for transport, Tom Koutsantonis, he said a new port-link tram would extend to Outer Harbor, Port Adelaide and Grange, replacing the existing diesel service.

Then, I think, minister, in June 2015, in a story in the *Portside Messenger* you were quoted as saying, 'Electrifying the Outer Harbor train line and extending it to West Lakes is more important than building a new western tram network.' Are you able to confirm whether the work now on the

Torrens Junction means that the government has ruled out the option of using the Outer Harbor rail line as a tram corridor?

**The Hon. S.C. MULLIGHAN:** No, we have not ruled that out. Perhaps I can provide you with a bit of background and context as to what the thinking is behind that. I will have to take your word for what you are quoting from there about the Torrens Junction being a project which has been announced some time ago, and it was announced some time ago in concert with the Goodwood Junction upgrade. When you directed our attention to page 78, you will see it described as the Goodwood and Torrens Rail Junctions upgrade.

Members may be aware that the primary purpose of those upgrades is to provide a significant improvement to freight rail movements, rather than passenger rail movements. That is because at both the northern and southern parts of the metro area, the constraints of having passenger rail crossing over the freight rail lines meant that freight trains would have to necessarily give way to those passenger train movements which, obviously, led to slower freight rail movements, and also at different junctions (in particular at Torrens Road, for example) freight trains slowing down very considerably as they had to come towards the junction of the passenger and freight rail line.

For those people in the north of the city who are familiar with being stuck at that junction where the boom gates come down for a long period as the 1,500-metre trains slow, that is a great frustration. Similarly, that was also occurring at the southern end, at the Goodwood Junction. The project was to be undertaken in two parts and the Goodwood project, off the top of my head, I think was completed towards the end of 2013. We have announced in recent months that we are getting on with the northern part, which is the Torrens Junction area.

Just to close off on the freight rail element of it, it will not only mean that they are separated from passing over those passenger rail lines, but it also means we will be able to increase the length of those freight trains from about 1,500 metres to 1,800 metres. For those reasons, it is really a freight project. Notwithstanding that, it provides benefits to other transport networks.

In regard to the continuation with the Torrens Junction project, it has been mooted by some in the community that, if we continued the tram extension (which currently terminates at the Entertainment Centre) and connected that to the Outer Harbor rail line and converted that rail line to light rail, that might obviate the need for the Torrens Junction project, which is not necessarily correct.

It is not correct for the following reasons. One is that, by dint of having to go it alone, basically, on these passenger rail projects and not having a funding partner, by necessity, it takes us longer to do it because we have to find all the money for ourselves. That has pushed out the time line, as we have previously discussed, for the Gawler rail extension, for example, which then pushes out the time line to get on with the other rail lines.

I would like to think, both from passenger patronage levels and demand that you then move on to the Outer Harbor line and then finally on to the Belair line at some stage with an appropriate solution there, but to wait until we were at a point where we could change the configuration of the Outer Harbor line would mean that we would miss these very necessary freight benefits in the intervening years.

So strong is the cost-benefit ratio, I am advised, for the Torrens Junction project in freight terms, that it is a project which delivers economic benefits which exceed the cost of the project within, I think, approximately five or six years. I am pretty sure on that. If that is not correct I will come back to the committee subsequent. However, it is a very strong project.

When we announced that we were continuing on with the Torrens Junction earlier this year, people were saying that this would not be necessary if we made it a light rail project. Does this mean, as you said in your question member for Unley, that we have now made up our mind that rail, and heavy passenger rail like we have on Seaford for example, now has to be the solution for Outer Harbor? That is not necessarily the case.

The difficulty with comparing or trying to make light rail on the Outer Harbor line as effective a solution as what we call heavy passenger rail, like the Seaford line, is a challenge for a few reasons. One is that light rail vehicles are smaller and they have less seating and standing capacity, even as you start to move to the newer generation tram models like they are using on the Gold Coast rail

project. Off the top of my head, the sorts of numbers that we are talking about at full capacity, seating and standing, I think we can accommodate within the order of five to 550 people on one of the 4000 class electric trains, for example. I am told that, even on the light rail vehicles that they are using, the new generation light rail vehicles at Gold Coast rail, we are talking somewhere in the order of 300 or in the low 300s.

There are obviously very different solutions in terms of passenger loading and unloading. Trains have high platforms and trams have much lower platforms, and there are significant safety concerns. If you were to try to replicate with trams the sort of service that you currently have on the Outer Harbor line, for example, where you have mixed services, with some stopping at nearly all stops and some more express-type services—perhaps you are unable to run express services with a tram because people are walking across the corridor much more so in a tram environment than they are in a heavy electric rail environment.

Not the only other but another problem is the comparative travel time difference between the Entertainment Centre on a tram which traverses Port Road and then on to North Terrace to get to the Adelaide Railway Station—I think that travel time is approximately 13 or 14 minutes; I might be out by a minute or two but it is roughly of that order—and heavy rail leaving the Bowden train station, which I think is about five or six minutes. So there is a real deficit to make up in travel time between those two as well.

Before we made the decision to go ahead and go out to tender for the Torrens Junction project most recently, that announcement we made in the last couple of months, I asked the department if it would be feasible for a light rail solution, if we were to make a decision to go down the path of light rail on the Outer Harbor line, to use the Torrens Junction underpass underneath Park Terrace. The very early preliminary advice is that it would be possible to do that. That would mean that we might be able to change that deficit from 13 or 14 minutes travel time on Port Road versus five or six minutes travel time through the Parklands to the Adelaide Railway Station and come up with another rail solution for light rail to get to an approximate area outside the Adelaide Railway Station without taking that long period of time.

Where would that go? That is obviously a question that requires significant work, and it is one of the questions that we have asked the \$4 million light rail study to try to answer. As you might have heard me speak publicly about, what we are aiming to do with that is to try to find the right tram or light rail or indeed a rail solution for the various communities in different directions around the metropolitan area. They are, of course, looking at that particular question on the Outer Harbor line.

You mentioned that the former transport minister made some comments back in 2013. I am assuming that they were made around the time that he and the Deputy Premier released the draft Integrated Transport and Land Use Plan, and at the time, in the preparation of that report, they released two consultants' reports about what the right rail solution is for the Outer Harbor line. To speak very generally about those reports: one talked about the benefits of a light rail solution and why that should be the answer; and the other one talked about the benefits of a heavy electric rail solution and why that should be the answer.

I have always maintained, I say this publicly, I have said it to the mayors and the chief executives of the City of Port Adelaide Enfield and the City of Charles Sturt, that the right solution for the Outer Harbor line is genuinely contestable, for a number of those reasons that I have just mentioned: the capacity of the rail vehicles, the ability of some vehicles to run more express-type services, the ability to cover that last leg of the journey more quickly and provide, from a patron's experience, particularly the further out you go, particularly once you get onto the Lefevre Peninsula, a more rapid, more comfortable passenger experience. However, whether those issues can be addressed via light rail, then that is the task of the light rail study.

That is all of the context behind why for freight purposes, but also leaving the door open to both rail solutions on the Outer Harbor line, the Torrens Junction project is a worthwhile investment.

**Mr PISONI:** Those reports that you refer to, are they available?

**The Hon. S.C. MULLIGHAN:** They were online for—I have not checked in the last few months, but they were online for the best part of 2½. If they are not, I will try and make those available for you.

**Mr PISONI:** They were commissioned and done externally, were they?

**The Hon. S.C. MULLIGHAN:** Yes, they were. I think one was done by InfraPlan and one was done by Ernst & Young, off the top of my head. If they are not available online, I will make them available to you.

**Mr PISONI:** Thank you. In 2008, the department of transport, energy, infrastructure rail revitalisation electrification submissions to the parliamentary Public Works Committee detailed that the state government had announced a \$2 billion rail revitalisation initiative. The announcement included electrification of Noarlunga, Tonsley, Gawler, Outer Harbor, Grange lines. Initiatives included tram extensions from City West to Adelaide Entertainment Centre, connection to the Outer Harbor rail line and further tram extensions to West Lakes and Port Adelaide, Semaphore.

Was there a document—a bit like the AdeLINK report that is being prepared at the moment—or was that decision based on a report, an examination or some other work for that announcement to have been made? And if there is, is it still referred to? Will it be incorporated into the AdeLINK report that you are preparing at the moment?

**The Hon. S.C. MULLIGHAN:** What document was existence back in 2008?

**Mr PISONI:** I am asking if there was a document that the entire \$2 billion rail revitalisation initiative was based on that went to the Public Works Committee. I was on the committee at that time and I recall there was talk about moving the track to a standard gauge so that the trams or trains could run on it.

**The Hon. S.C. MULLIGHAN:** The old tram-trains.

**Mr PISONI:** Tram-trains. I think the department at that time was very excited about the tram-train prospect for the two-level platforms. I am just asking whether those who are preparing your AdeLINK report will have access to any report that was done regarding the \$2 billion expenditure that was announced in the 2008 state budget?

**The Hon. S.C. MULLIGHAN:** Unfortunately, I was not in the position back then that I am now.

**Mr PISONI:** You were very much involved in the Labor Party in government.

**The Hon. S.C. MULLIGHAN:** These decisions are always taken at a ministerial level, member for Unley. Of course you know that. However, it is not unusual for appropriate documents to be made available for the purposes of cabinet decision-making at the time. I am sure there was a document provided to the Public Works Committee which enabled you, as well as your other committee members, to endorse the project. What we have asked the people who are conducting the light rail study that is underway to do is look at not only what the best transport solutions are but take into account the most contemporary experience about what is happening out in those communities.

Bear in mind that that is not just about transport. The planning minister, of course, has superintended the 30-Year Plan for Greater Adelaide (I think it is called), which was released quite some years ago now. He is going through a process of refreshing that, because a lot of the aims of that plan, as I understand it—and I am not as close to this as he is—have been superseded because the amount of growth has been stronger than expected and stronger in different areas than expected, in particular, for example, infill development that has occurred in the inner metro and metropolitan areas.

So when the people who are doing the tram study now are thinking about the right transport solution, one of their other tasks is to consider what communities are around that need to be provided with a transport service and how they might use that transport service, and not just whether you would run a tramline down a particular area but exactly what the alignment should be and then what the development opportunities would be at different junctures along that line. That is why we have asked the local councils, the mayors and the chief executives or their delegates to come in and participate in that.

As you would know, with your local member hat on, there are obviously opportunities in communities like Unley where development could occur, but there are also very strong views about whether a tram, for example, is the right solution for Unley Road, or maybe it should be on another parallel major road or arterial road. So they are thinking about all of that. It is not just about the transport, it is about the development as well. They will avail themselves of what they see is the contemporary experience, as well as whatever documents exist from a transport or planning perspective too.

**Mr PISONI:** Budget Paper 4, Volume 3, page 96 refers to an increased expenditure for a detailed business case into the AdeLINK tram network investigation. The AdeLINK tram network was announced, I think, in September 2013. Then, in February 2016, there was an announcement of \$4 million, I think, in funding for the business case. What was the 2013 announcement based on? What information did the government have to announce a 30-year transport plan that included an AdeLINK program?

**The Hon. S.C. MULLIGHAN:** Sorry, in the beginning of your question you mentioned something in 2013?

**Mr PISONI:** In 2013 you announced the 30-year transport plan, which included AdeLINK and diagrams of where trams could be. I am asking you: without a detailed business case—because you did not start one until this financial year, according to the budget—what detail, information or report did the department work from to make that announcement in 2013 about costs, suggested routes and so forth?

**The Hon. S.C. MULLIGHAN:** Obviously I was not in the position back then that I am now, so I am not familiar with the process. I am happy to take that question on notice and come back to you with some detail. As you can imagine, back in 2013 that was a draft integrated transport and land use plan. It identified, not just in metropolitan Adelaide but across the state, what transport and infrastructure was likely to be necessary for the development of residential, commercial and industrial activities across South Australia.

In that plan we provided three time frames—one was short term (up to five years), one was medium term (five to 15 years) and then longer term (15 to 30 years)—trying to anticipate when ideally those projects which were identified would be undertaken or would be able to be undertaken, on the basis that the state continues funding this sort of infrastructure at contemporary expenditure levels which, as you would know, since 2008 have been historically high, and also continuing on the sorts of partnerships that we have seen with federal governments of both persuasions where transport infrastructure has been funded at a range of between 50 per cent and 80 per cent commonwealth share, with the state making up the difference.

In fact, the costings that were released at the time outlined how the amount would be able to be met by those different levels of government and, indeed, some elements of the private sector, over that 30-year period.

**Mr PISONI:** The announcement for the detailed business case was made in February, but according to the budget papers no money is being spent on that until this financial year. There is also, I noticed, half a million dollars being spent in the 2017-18 financial year. Are you anticipating that we will see any interim reports coming out of this year because obviously the budget is allowing for more work to be done on that?

**The Hon. S.C. MULLIGHAN:** I have certainly said publicly and also to the department and the councils that it is my hope that the work can be undertaken in stages or iterations. To give you an idea, or perhaps to illustrate the point, if we were talking about the provision of rail services into a community like Unley, perhaps an early stage of the work might be the identification, collaboratively between government and local government, of what the right alignment would be, so going back to my earlier comments, whether it would be, say, Unley Road, or whether it might be a different option.

I cannot remember if it was the Property Council or the UDIA that I heard say, 'No, in fact you should just take it as a spur off the existing tramline and run it up either King William Road or Goodwood Road', for example. It involves trying to make that decision reasonably quickly and trying to get a pretty robust costing, for example, and perhaps going through the more detailed work subsequently about where the tram stops might be, what level of development might be possible

around those tram stops and what the nature of that development is. Then, in order to satisfy the current Coalition government's desires for approval for them to start investing in this sort of infrastructure, whether there is some sort of ability for the local community to make a contribution.

That is all more detailed work which perhaps requires another level or additional phases of work to be undertaken because, as you can appreciate, a lot of that gets pretty granular about what the development community is hoping to achieve, what the local council is willing to let occur and, of course, what the local community is willing to see happen in their local patch. I hope and assume that it will be iterative and that we can identify the corridors and the costs reasonably early because that will also enable us to start having a conversation with local government about, in making a community contribution, how they might be able to do that as well.

We have seen with the Adelaide City Council their willingness to make a contribution towards the extension along North Terrace. I think that is a really pleasing precedent for the other councils to take a lead from, that they would think, 'If we want to be towards the front of the queue for getting a tram run out in our direction, we have to be willing to make a contribution as well.' This is not necessarily a government view, but my personal view is the local community making a contribution like that via its council, via the body which is likely to receive additional revenues from whatever development activity occurs around that extension of rail, is a far more palatable way to get a contribution from the community, like the Coalition government is demanding of us, rather than trying to impose some sort of householder levy.

**Mr PISONI:** When do you anticipate that we will start seeing reports coming out of the AdeLINK costing and business case program?

**The Hon. S.C. MULLIGHAN:** I would struggle to give you an estimate. I will see if I can give you some best estimates on how the work is currently progressing. Suffice to say that some of the early work on route selection and stop location enabled us to make the decision with the Adelaide City Council to proceed with the North Terrace extension. That is what I am hoping we will see for extensions in the other directions out from the city. It might not be that we make that work available publicly in concert with the funding commitment, because of course I am one of 13 other ministers who has to petition the Treasurer for money for my portfolio area, but at least if we can start having the public conversation about alignment and treatment of these areas then—

**Mr PISONI:** But will the report include costs?

**The Hon. S.C. MULLIGHAN:** The early work, I would hope so, yes. We would want to provide some indicative costs about what the route would be, because that then places a local council in a position that they can start making some decisions about to what extent they can make a contribution and bring the project on more quickly than otherwise.

**Mr PISONI:** Is it contingent on a federal government contribution?

**The Hon. S.C. MULLIGHAN:** Not necessarily, because obviously we have proceeded with the extension along North Terrace in the absence of federal government funding, but we are trying to do the work in a way which best positions these individual projects for federal government funding. I said before that, for example, they want to see how the local community can make a contribution in some way. They call it value capture. There are all sorts of mechanisms which get mooted by the land use planners and economists about how best that is done. Those of us perhaps more closely aligned to reality and community concern are a bit more circumspect about how that might best be done. That is why I suggest that perhaps the easiest way for local communities is via their local council.

**Mr PISONI:** It is described as a business case in the budget, but will it have suggested routes in the report? Will it also be able to advise prospective partners, local government for example, the most cost-effective routes as opposed to perhaps the other routes by identifying what is under the ground, what will need to be moved, the cost of shifting services? My understanding is that in modern-day tram building what is underground seems to be the biggest cost in a lot of instances.

**The Hon. S.C. MULLIGHAN:** Sometimes, yes.

**Mr PISONI:** I think that was one of the reasons why you had a \$50 million cost for North Terrace, from the commentary that I have seen. I am just trying to get some idea as to how detailed the business case will be and whether it will include maps which will have options, for example.

**The Hon. S.C. MULLIGHAN:** I think so, yes. I think in the early stages, as I have been describing, perhaps some of the early work we might seek to develop in concert with local councils, but we would like to go out to the community. To go back to that same example, if we are talking about Unley, if there are options about which street it might be aligned down then we would want to have that conversation publicly and pretty early because there will be tensions with those different options.

I am sure you are already getting correspondence at your electorate office and I am already getting correspondence saying, 'Are you sure Unley Road is the right solution? That takes a lot of peak hour traffic,' for example. You might say, 'Well, yes, but there's a huge amount of development opportunity along Unley Road,' and that might compare favourably or not very favourably against other alignment options like King William Road or Goodwood Road or maybe even something completely from left field, or east field, like George Street or Duthy Street. So, it is getting those options out and understanding what the costs are.

As you say, we tend to bury a lot of our utilities under roads, so what the costs are with that. It is also starting the conversation about what is the cost versus what is the benefit for the community, in terms of better transport, and what is the development opportunity. I think councils are likely to be most attracted to the conversation about the development opportunities because, obviously, they want their communities to grow and if they are going to make a contribution they want an increased revenue stream from people who are paying council rates, whether they are residents or whether they are commercial building owners, etc.

**Mr PISONI:** Just finishing up on the tram project, minister, King William Road south, is there any—

**The Hon. S.C. MULLIGHAN:** In the city?

**Mr PISONI:** In the city, yes. Are you aware of any reports that raise concerns about the track, the quality of the track or any work that might need to be done on King William Road south on the existing track?

**The Hon. S.C. MULLIGHAN:** I am in receipt of a lot of concerns about the tram infrastructure on King William Road south between South Terrace and Victoria Square. You would have seen in the budget papers, for example, there is a commitment to, basically, completely redeveloping what is called the City South tram stop because it does not meet the sort of standards that we have been seeking to achieve with the newer tram stops, such as the Waymouth/Pirie intersection, etc., through the city. So, we have some money in there to do that.

**Mr PISONI:** Will the tracks stay where they are to do that?

**The Hon. S.C. MULLIGHAN:** No. If we are widening the platform we obviously need to move the tracks. That is going to have an impact on the configuration of the lanes where the tram stop is. We have been talking with the Adelaide City Council for many months about the need to get on and fix up this tram stop. We still have a little bit of time to get the road and the lane configuration right so we can then get in and fix the stop, but also move and replace that rail.

**Mr PISONI:** Will cars still be able to travel on the tram tracks south of Victoria Square?

**The Hon. S.C. MULLIGHAN:** Do you mean while the work is being done?

**Mr PISONI:** No, after it is done, with the new configuration.

**The Hon. S.C. MULLIGHAN:** Sorry, say that again?

**Mr PISONI:** North of Victoria Square you cannot travel on the tram tracks, you cannot turn right. What will happen south of Victoria Square after that work is done? Are you anticipating that there will be restrictions to right-hand turns and that that lane will no longer be available for motorists?

**The Hon. S.C. MULLIGHAN:** I do not think that is our intention, but I will have to check that. Paul said it is a bit early to be definitive about that.

**Mr PISONI:** But you cannot rule that out?

**The Hon. S.C. MULLIGHAN:** It has been functioning reasonably well, with traffic being able to use that section of King William Road, so there would want to be a pretty compelling reason why we stop that. That is all I can really say about that at this time. There has been no long-term goal or desire to remove car traffic from the tramlines from that southern section of King William Road in the CBD.

**Mr PISONI:** Thank you, minister. I take you to page 74, the asbestos program. I want to take you back to the discovery of asbestos used in new buildings in the Seaford rail project: I think it was identified on 25 January that the material that was suspected to be asbestos was actually asbestos—I think it was flooring in a couple of the substations, one at Lonsdale and one a bit further north on the line. First, has it been removed?

**The Hon. S.C. MULLIGHAN:** No.

**Mr PISONI:** Is it going to be removed?

**The Hon. S.C. MULLIGHAN:** Perhaps, to give you further background, the infrastructure you are referring to was to be delivered by Siemens, and they subcontracted out part of that work to a South Australian company called RJE, which I think is Robin Johnson Engineering, and they were doing this work as well as, I am advised, a series of similar works in other states, and they imported some cement sheeting to construct the flooring or subfloor, because it does not actually face the interior of the building directly.

We were advised that there was a risk that some of that material that had been imported for use in these and other buildings may be contaminated with asbestos. You remember that we disclosed that publicly at the time, and there had to be a period of testing to determine whether it was contaminated with asbestos. The testing determined that there was a level of contamination of asbestos. My understanding is that SafeWork is the agency that provides advice as to how that should be treated.

There was a significant period of discussion between the contractor and SafeWork, obviously with a level of participation from the department, about how it should be treated, which, of course, is a secondary issue, the primary issue obviously being the immediate risk posed by the material and also understanding any risk of exposure to any of the staff or employees who were engaged in installing that flooring. That is something that SafeWork has also been pursuing with that company, as well as something in which we were obviously taking a key role in terms of those staff who may be involved from time to time in maintaining those buildings. These are not actively staffed buildings; my understanding is that from time to time they need to be attended for maintenance and other purposes.

So, a discussion went for quite some time, I am advised, about whether it can be left in situ and treated appropriately, which is a familiar treatment for a lot of asbestos that is either legacy building products used in a past era, when asbestos was able to be used, or something that needed to be removed. The advice we now have is that, effectively, a combination of the two is required, that the material is able to be left in situ in the medium term, but it must be removed after a period of approximately three years.

Our job now is to have Siemens make good those facilities at no cost to us, and at preferably minimal or no inconvenience to passengers. Those discussions we are having with Siemens on how that reparative work is to be done still continues. So the answer to your question, 'Does it need to be removed?': eventually, yes; 'Does it need to be removed immediately?': no.

There is a fairly extensive period that we have, while making sure that we maintain appropriate treatments and safe processes for that period of a number of years, before it is removed. So, obviously, as you can imagine, we are making sure that the room has been appropriately treated, which it has been, and continues to be maintained in a way which does not risk any exposure. As we have with many other buildings both in private and public sector hands, we are making sure we have

the appropriate training, signage, warnings and protocols in place so that that material is not inadvertently disturbed so as to cause the risk of contamination.

**Mr PISONI:** You said in your reply that you had disclosed the asbestos publicly. That was in response to media interest, was it not?

**The Hon. S.C. MULLIGHAN:** I cannot recall. All I can recall off the top of my head is the fact that we had extensive and fulsome discussions about what we knew at the time in the media.

**Mr PISONI:** Yes, in response to media inquiries, I believe.

**The Hon. S.C. MULLIGHAN:** Like I said, I cannot recall whether that was the case.

**Mr PISONI:** It was not a proactive disclosure. You did not find it and then put a media release out.

**The Hon. S.C. MULLIGHAN:** It was found, it was drawn to our attention, and I remember being out in the media talking about exactly what the problem was.

**Mr PISONI:** I think I drew it to your attention.

**The Hon. S.C. MULLIGHAN:** I see, you are seeking to claim credit.

**Mr PISONI:** I think that is what happened.

**The Hon. S.C. MULLIGHAN:** I did not realise this was about you. Sorry, I should have realised up-front.

**Mr PISONI:** I just wanted to clarify that it was not a proactive disclosure. Can you advise if asbestos has been found anywhere else in department infrastructure?

**The Hon. S.C. MULLIGHAN:** Each year, we publish a report, the name of which eludes me, and I table in parliament a report about asbestos products.

**Mr PISONI:** Just to clarify, minister, this is new asbestos in new products. Just like we found new asbestos in new buildings, have you found any new asbestos in any other new buildings that your department has been responsible for?

**The Hon. S.C. MULLIGHAN:** I do not believe so, but I will take that on notice in case there has been some incident which either has not been drawn to my attention or which is being dealt with by another agency quite separate from me. I should make clear though that the issue that you are referring to about being alerted to the potential presence of contaminated building products in the infrastructure service in the Seaford line was also found to be the case in similar rail infrastructure installed, I believe, by the same company in other states.

As we have seen in some media outlets, this has also been the case in some other public and private buildings which have been built in recent times. Off the top of my head, there is a hospital in Perth and a commercial building in Brisbane, as well as the rail infrastructure in New South Wales and Victoria. At the time that this issue was flagged, given you so assiduously followed the occurrences—

**Mr PISONI:** I am a tradesman, minister. I am very interested in these sorts of issues.

**The Hon. S.C. MULLIGHAN:** Yes, I appreciate your interest. When this occurred, the chief executive certainly wrote to his counterpart in the Department of Infrastructure and Regional Development. I think I wrote to I cannot recall whether it was the then deputy prime minister or the line minister about the issue. My understanding is that Peter Dutton, the Minister for Immigration and Border Protection, caused a review to occur at a federal level into the illegal importation of contaminated building products into Australia.

Given that we are talking about an issue which has affected South Australia, Victoria, New South Wales and Queensland, let alone any others which have not been drawn to our mutual attention elsewhere in the country, it seems we are having a significant problem with this illegal importation—hence, my writing to my federal ministerial counterpart (and the chief executive doing the same) and minister Dutton, causing the review to occur.

My current concern, aside from the issues we have just been canvassing about how this affects South Australia, is what we are doing as a country to minimise the risk of the importation of these products happening in the future. I have submitted a paper to next week's Transport and Infrastructure Council, which is the usually six-monthly meeting of state and federal transport and infrastructure ministers and also the minister from New Zealand and the Australian Local Government Association.

The paper highlights—not just with the transport hat on; perhaps more with an infrastructure hat on—that this is occurring in a number of states and seems to be an ongoing risk as we see these media reports of contamination of other buildings, urges the release of that report that has been done going back to February about what can be done, and also urges that we do a little more at the border, whether that is at airports or seaports, whether that is surveillance or random inspections, perhaps focused on where we believe these products are coming from, if an import is from China, for example, or particularly perhaps focusing on imports from countries where particular companies were believed to have supplied these companies—

**Mr PISONI:** Or maybe try and get some Australian-made stuff.

**The Hon. S.C. MULLIGHAN:** Precisely.

**Mr PISONI:** An FOI came back from your department in which I requested the number of reports of tradespeople, contractors and other related workers coming into contact with asbestos or suspected asbestos during works related to the Noarlunga rail line since 2012 until the present. That said that there were three reports of tradespeople, contractors or other related workers coming into contact with asbestos during works on the Noarlunga line. Are you able to confirm whether that was the new works or whether that was exposure to removing buildings or removing old asbestos?

**The Hon. S.C. MULLIGHAN:** I am not, actually, because I have not seen those documents, but I will endeavour—

**Mr PISONI:** You were not advised that workers were exposed to asbestos in the junction boxes?

**The Hon. S.C. MULLIGHAN:** When the issue came to light that there was the identification of materials that may have been contaminated—that was the first issue that was raised—and then during the period of testing and the confirmation that some of the materials were contaminated, I was certainly seeking advice from the department about how the workers, either currently involved in maintaining or dealing with the facilities or the workers who were involved in the construction or manufacture of those facilities, were being dealt with.

The advice I received at the time was that, virtually immediately upon the department becoming aware, there were certainly meetings for all workers involved to let them know of the issue and provide the necessary supports etc., to those workers who may have been. At that early stage there would not have been any confirmation, obviously.

The expectation, as I understand it, from government was that those same expectations were being placed on the contractor, given that it was the contractor who installed it, not using public sector workers but their own staff, and that SafeWork was overseeing that. Now, how that process may or may not be related to the documents you are alluding to—which, unfortunately, I have not seen—I will have to come back to you with some further advice on that.

**Mr PISONI:** I think at the time you said there was an investigation going on about how it all happened and so forth. Are you intending to release that publicly? Is that complete now? One of the questions I have might have been covered by the investigation, but I will ask you in case you know: where were the offcuts, for example, dumped? We have had a chance to look at the act where it deals with asbestos, and it happens to be quite silent on using new asbestos because it is illegal to bring it into the country. In dealing with asbestos, it is very specific about the disposal of it. Do we know whether offcuts were illegally disposed of? Did they end up in normal landfill or were they disposed of as per the act?

**The Hon. S.C. MULLIGHAN:** Our understanding is that the issues you have just canvassed, those concerns, as well as many others, I am sure, were being investigated by SafeWork. As to the

status of those investigations and the production of an appropriate report or a report which might be able to provide people like you and I with that sort of information—

**Mr PISONI:** Is that expected to be publicly available?

**The Hon. S.C. MULLIGHAN:** I will have to follow all of that up with SafeWork. I will endeavour to do that and come back to the house with an answer. It is not an agency that is within my purview, but I will do my best to come back with information.

**Mr PISONI:** I have just a couple more questions, minister, on the investing expenditure summary and then I think Mr Pederick has some.

**The Hon. S.C. MULLIGHAN:** What page are we looking at?

**Mr PISONI:** This is the Agency Statements, Volume 3, page 77. I want to ask you for some commencement and completion dates, if you are able to provide them, for the city tram extension.

**The Hon. S.C. MULLIGHAN:** I think we are aiming to have that completed in the first half of 2018. I think we will have a further and better estimate once we get the responses back from the tenders from the people who are going to construct the tramline.

**Mr PISONI:** The first half of 2018, so before June 2018 is when you anticipate that?

**The Hon. S.C. MULLIGHAN:** Yes, that is right.

**Mr PISONI:** Will the work start before or after the transfer from the old Royal Adelaide Hospital to the new Royal Adelaide Hospital?

**The Hon. S.C. MULLIGHAN:** We will manage whatever works we are doing along North Terrace with the transfer that needs to happen with the hospital in mind. It might be that, for example, we do not start them before, like you have hinted at, or it might be that we start them before but then stop them and provide sufficient road access. I will have to come back to you on that once we know the schedule from the successful tenderer.

**Mr PISONI:** Working back from that end date, when do you anticipate the work will need to start to meet that end date of the first half of 2018?

**The Hon. S.C. MULLIGHAN:** It is a bit hard for me to provide an estimate because, as you alluded to in one of your earlier questions, we have things to do like determine the full extent of all of the services and get those necessary ones out of the way. Thanks to a much publicly litigated privatisation of parts of the electricity industry this week, thanks to part of that, we are in the hands of people like SAPN for time frames on that. We also have a little more design work to do with the Adelaide—

**Mr PISONI:** Do you have gas pipes as well?

**The Hon. S.C. MULLIGHAN:** I am sure—

**Mr PISONI:** I can remember Lynn Arnold walking around and holding up a cheque in front of a camera when he sold SAGASCO.

**The Hon. S.C. MULLIGHAN:** Was that cheque bigger or smaller than the one that Mr Lucas held up for the TAB? Presumably bigger, I am guessing.

**Mr PISONI:** It was a cheque for the privatisation of assets, yes.

**The Hon. S.C. MULLIGHAN:** I will let the former cabinet ministers in the Bannon government know you—

**Mr PISONI:** I think I was a young apprentice at the time.

**The Hon. S.C. MULLIGHAN:** Were you?

**Mr PISONI:** I remember seeing it on TV. Alright. Do you have a start and finish date for the Tonsley rail line to the Flinders Medical Centre?

**The Hon. S.C. MULLIGHAN:** I cannot tell you an exact commencement date, but we are aiming to finish that project in concert with the completion of the Darlington road upgrade, which I

believe is at the end of 2018. Again, we will know further details on the project schedule once we have a schedule from the company that is doing the work.

**Mr PISONI:** Okay. And the mechanical upgrade of the diesel rail fleet, \$48 million, has that work already started?

**The Hon. S.C. MULLIGHAN:** It is about to start, I am advised.

**Mr PISONI:** Aren't there already some engines being reconditioned at the moment?

**The Hon. S.C. MULLIGHAN:** Frequently. I am advised, on page 78, there are some projected completion dates over the page. But if I can be any more specific following the tender processes, I will come back to you on that. Sorry, we were talking about the rail upgrades?

**Mr PISONI:** How much longer will the diesel freight cars be used on the Salisbury to Gawler line, and also on the Outer Harbor line?

**The Hon. S.C. MULLIGHAN:** I did not close off my previous answer about the engines and the reconditioning. My understanding is that these diesel engines, which service the 3000 class, are frequently overhauled, which, to mere laypeople like us, who are more familiar with perhaps passenger car engines, might be akin to reconditioning, including reboring and all that sort of work. That happens on a periodic basis. Like the interiors of the 3000 class, which were extensively overhauled in 2012-13, I think, we have to periodically upgrade the mechanicals like we did the interiors. So, that is that program. Sorry, your subsequent question was?

**Mr PISONI:** You have caused me to have another query now. Will the diesel fleet be fitted with the electronic safety equipment that stops a train, if the driver is asleep or—

**The Hon. S.C. MULLIGHAN:** My understanding is we have been installing that in the new electric trains and they are still scoping the install of that in the diesel trains.

**Mr PISONI:** Is it in the budget?

**The Hon. S.C. MULLIGHAN:** It is not in this particular line, whether it is something that might be accommodated out of our rail annual programs line I would have to take some advice on, but the intention is that we progressively roll this out across the fleet, I understand, but I will come back with further details on that.

**Mr PISONI:** Is the work being done in South Australia?

**The Hon. S.C. MULLIGHAN:** My understanding is that it is installed during the periodic and routine maintenance of the rail vehicles.

**Mr PISONI:** What, the \$48 million is being spent entirely in South Australia for the refurbishment?

**The Hon. S.C. MULLIGHAN:** Sorry, I was talking about the ATP. I think we are doing it at Dry Creek.

**Mr PISONI:** Just one final question. The maintenance of the bogies for the trams, is that still done interstate?

**The Hon. S.C. MULLIGHAN:** I am not aware that it is done interstate. I am not familiar with it. I will come back to you with an answer on that.

**Mr KNOLL:** In relation to the Tonsley extension to Flinders Medical Centre, it is an \$85.5 million project and obviously \$43 million committed by the feds, and there is some money in this year's budget, \$10 million in this next year. When will the remaining \$30 million be put into the budget to complete the project?

**The Hon. S.C. MULLIGHAN:** I think what you might be looking at is—

**Mr KNOLL:** Page 78.

**The Hon. S.C. MULLIGHAN:** My understanding is that that 85 is spread over the financial years that the work will be undertaken. So, we are given one year here, which is \$10 million for 2016-17, and then the remaining 75.5 spread over the subsequent two financial years.

**Mr KNOLL:** So given that it has got to be completed by June 2018, you would expect the remainder of the money to be in next year's budget?

**The Hon. S.C. MULLIGHAN:** No, I would expect a large proportion of it to be in 2017-18 and then a smaller proportion of it to be in 2018-19.

**Mr KNOLL:** Okay.

**Mr PEDERICK:** Minister, I want to talk about Budget Paper 4, Volume 3, page 89, the section on description objective, in particular with regard to agricultural machinery on public roads. My first question is: what is causing the delay in decisions regarding changes to regulation to agricultural machinery movement which the government has previously committed to delivering?

**The Hon. S.C. MULLIGHAN:** My understanding is that we have recently released to the primary production community a discussion paper about the nature and scope of the changes that we are contemplating. In the discussions that I have had with primary producer representatives, they have raised a series of very specific and individual issues with me. Common ones, for example, include the movement of machinery at night, the towing of the bins—you would know their name better than me—the bins with a—

**Mr PEDERICK:** Field bins?

**The Hon. S.C. MULLIGHAN:** Field bins.

**Mr PEDERICK:** Transporter field bins.

**The Hon. S.C. MULLIGHAN:** And that would be two of many. I think the desire from our perspective, like we have done with the 90-day project, is to go over to the community and say, 'What are all of your bugbears and what would you like us to fix?' and then for us to go away and work out how we can fix them. On some of them we might form a judgement that what is being suggested is not desirable and not safe, either for them or for other road users, and we might not be able to come at it, but I am hopeful that we would be able to come at a lot of them and deliver them some much more reasonable and less restrictive capacity to use the network.

The other new element of it is, since we have moved to the national regulation of heavy vehicle transport, we have now got a necessary layer of interaction with the National Heavy Vehicle Regulator, which some people in the industry view with differing levels of enthusiasm, if I can put it like that, particularly most recently. So we are trying to manage that process as well. We have been accused, in the past, rightly or wrongly, of being a bit physically separate and divorced from the realities of what is going on out on the farms and what is happening out on the roads and needing to be a little bit closer. You can imagine how that sort of criticism finds itself to a regulator who is based in Queensland, so we are trying to manage those sorts of issues as well.

**Mr PEDERICK:** You mentioned the interaction with the National Heavy Vehicle Regulator—

**The Hon. S.C. MULLIGHAN:** Perhaps I should not have!

**Mr PEDERICK:** I guess my next question was framed around whether you were working with them. It sounds like you are.

**The Hon. S.C. MULLIGHAN:** Yes.

**Mr PEDERICK:** In relation to that, there are a whole range of issues with regard to interstate transport, especially wide loads. There are different rules about escorts, and it is just madness that loads are regularly carted between Western Australia and the eastern states, with South Australia in the middle. You mentioned field bins, for instance. My understanding is that they used to be able to be brought over from suppliers in Victoria—three on a low loader. The regulation now says only one bin—and they are all exactly the same width, about four-plus metres—can come on a low loader at a time. This is a real productivity issue and obviously a real issue on the price of these bins coming from Victoria to South Australia. Am I correct in assuming that only one bin can come over at a time?

**The Hon. S.C. MULLIGHAN:** The people in the department who are managing this project may well be aware of that issue. If they are not, I will make sure that they now are.

That particular issue has not been raised with me. The issue that was raised with me was more about giving light utility vehicles, which have, like most light vehicles if not all, a maximum unbraked towing capacity of 750 kilos, some sort of exemption or allowance to be able to tow these bins around paddocks and properties. I have to say, Grain Producers SA, that I met with the other week, have been pretty reasonable about it. They are happy to have low speed limits imposed on them because this is really just about towing relatively short distances.

**Mr PEDERICK:** There is a limit as to how fast you can pull them even with a V8 ute, I can assure you. They catch a lot of wind.

**The Hon. S.C. MULLIGHAN:** I have to say that they are being very helpful in trying to allow us to frame some ability to allow them to do that. We are trying to find the solutions for this. Without blowing our own bags, I would like to think that the sort of feedback we are getting from them is 'Nobody has asked us these sorts of questions for the past couple of decades. Thank God, we finally have a transport department which is reaching out and trying to deliver us some improvements.' We are genuine about trying to get it done.

Sometimes I think the frustration with the National Heavy Vehicle Regulator can be that what they do for one, they have to do for all, and what they do for South Australia, they have to do for the other states which have signed up for national regulation. Having said that, credit where it is due, we have previously written to the Heavy Vehicle Regulator about the 160 kilometre workbook exemption and they turned that around pretty quickly. That is one small example where they have been responsive. You and I are talking about a very small tip of a pretty large iceberg of issues which ideally we would address, and we are trying to work through that as quickly as possible.

**Mr PEDERICK:** Certainly, minister, you talked about the last couple of decades. It is probably a couple of decades ago that I towed bins myself over from Tarranyurk in Victoria with just a Holden ute. It seemed to be okay then, but perhaps it was in a grey space, I am not sure. It is certainly important, not just in the positioning of moving field bins, but whether it is 15-metre header fronts, with Toyotas or whatever, this certainly needs having a good look at.

My next question is: in regard to these changes, are these changes expected to be enacted in time for this year's harvest?

**The Hon. S.C. MULLIGHAN:** I would like to think that some would be. Those that we can move fairly quickly on we would, depending on whether we have the ability and the legal discretion to be able to do it or whether it is something that we have to push through that national system. As to what those ones are that we may be able to get done in the next month or two at most, I would have to come back to you.

**Mr PEDERICK:** In October they will start on the West Coast.

**The Hon. S.C. MULLIGHAN:** The reality is that the machinery is not getting any smaller.

**Mr PEDERICK:** Absolutely.

**The Hon. S.C. MULLIGHAN:** It is only going to get more cumbersome as they develop better technologies and increased productivity out of this machinery. We have to find a way to accommodate it somehow on our roads and the trick is getting the balance right between making sure it is safe and then just not tying them up in red tape.

**Mr PEDERICK:** Certainly, in regard to machinery, air seeders are getting up plus 30 metres. I must commend machine designers who are trying to get them to fold up as narrow as possible. In regard to the whole program, have any additional resources been made available to the transport department through this program to implement the remaining targets or outcomes from the 90-day transport project undertaken by DPTI, PIRSA and PPSA (Primary Producers SA)?

**The Hon. S.C. MULLIGHAN:** We announced some funding in the Mid-Year Review which, off the top of my head, I think was \$19.2 million. I will double check that figure, and that was to go out and do the improvements to the roads, etc. I do not know that we have specifically resourced a new section within the department for it, but we have asked the appropriate group within Paul's area to be focused on it, if that makes sense. We have tasked existing staff with this job, but I do not think it is necessarily about dedicating a new pool of resources.

My understanding is that the two chief executives, from Transport and PIRSA, have a regular meeting with the chair of Primary Producers SA, Rob Kerin. We have specifically resourced a group within the department to do this, so we have a group of staff who are focused and dedicated towards this.

**Mr PEDERICK:** In relation to another point in regards to especially grain carting at harvest time, Budget Paper 4, Volume 3, page 92, Targets, dot point 6, where it relates to a last mile issue on the Yorke Peninsula, I must commend the department for looking at these issues because it throws up a whole lot of ridiculous scenarios where B-doubles cannot access silo facilities across the state. For instance, I have one in my electorate at Peake where there is 20 metres of road that a B-double must not pass, according to the regulation, to access the silo. How is the whole last mile situation being resolved? Where are we up to? This is really incurring on productivity, especially grain and agricultural products, in this state.

**The Hon. S.C. MULLIGHAN:** We have tried to allocate that money that I mentioned previously, that \$19.2 million, to projects which we think will address some of the most pressing need across the state. We have tried to take a combined approach where we are not just looking at our own infrastructure, our own roads, but we have offered, in some cases, to partner with councils to help them deliver some road upgrades. Off the top of my head, I think the one that we announced very early was access to the Jamestown saleyards, for example. I do not think that last little bit of road was actually ours, I think that was something that necessarily needed to involve the council. I cannot remember how much that was, it was \$150,000 or \$300,000, so a pretty modest amount of money. That is the approach that we are trying to take.

We are also trying to bite off some of the more macro access issues. On Yorke Peninsula, that we have highlighted there, we are coming up with a solution to give larger combination access down there for the first time. I think what we are trying to achieve is not B-double, it is actually road train, so that will be that bit better. I was also really pleased to see the former member for Mayo commit in the recent federal election campaign B-double access to Lobethal, which obviously is designed at a particular outcome, but everybody who lives along that road will experience a commensurate reduction in truck movements.

We should be a little bit bolder, I think, engaging with local communities, whether it is the community that I represent on the bottom half of the Lefevre Peninsula, which has Victoria Road, or whether it is out in regional areas, making the case to communities that they should be welcoming larger trucks into their communities because it means fewer truck movements. So we are trying to bite off some of those bigger issues. Just closing off on that Lobethal issue, I was very pleased to hear that work will occur regardless of that individual result.

**Mr PEDERICK:** That is extremely good for those operations up there in the meatworks. You just talked about bigger combinations, and that is to be welcomed. Certainly in regards to what has happened out on the Loxton Highway and the Mallee Highway, or the Karoonda Road, Loxton Road, obviously there is going to be plenty more road access because those rail lines are not operational anymore. I welcome the use of road trains, but inside of that I think the department needs to allocate money for some overtaking lanes on both those highways. Are there any discussions internally about that?

**The Hon. S.C. MULLIGHAN:** The approach we took when Genesee & Wyoming first approached the government and let them know that Viterra was intending on moving away from rail freight, and I think that was before the harvest in the second half of 2014—

**Mr PEDERICK:** I think so, yes.

**The Hon. S.C. MULLIGHAN:** I spoke with Viterra and urged them very strongly to not proceed down that path because we knew that obviously that would mean more truck movements. As you have alluded to, some of those roads are not in tiptop condition. In fact, we have some roads, such as the Karoonda Highway, which are pretty narrow and pretty bouncy in different parts. We are even getting complaints from light vehicle users, let alone truck and heavy vehicle operators, about trucks passing pretty close past each other.

We had some short-term success convincing Viterra and Genesee & Wyoming to try to sort it out for that season. They came back to government and said, 'We can keep using the rail but it's

going to be an extra \$1 million. Can you give us \$1 million?' I said, 'If I am going to spend \$1 million out in that community it will be on the road, it is not going to be subsidising Glencore's global profits', which, quite frankly, is what it would have been. They agreed to continue on as they had for another season and it was in the 2015 harvest where they moved to road.

After speaking with your counterpart, the member for Chaffey, we at that time put, I think, \$2.2 million mostly into the Karoonda Highway. That was more for resurfacing and shoulder sealing, rather than overtaking lanes. Since then, I think we have spent a bit more money, and I cannot remember if it is on the Karoonda or the Mallee, but without saying that, yes or no, we have money for overtaking lanes, the intention is that where we have money from the additional money that we have kicked into the road maintenance budget (that extra \$70 million over four years) and where we have that extra \$40 million (which was for shoulder sealing), when we get into that region we are trying to prioritise those key routes which are used by the community and by freight. The shoulder sealing is the first port of call, just to give some more width.

**Mr PEDERICK:** Yes, that is good.

**The Hon. S.C. MULLIGHAN:** And some more margin for error. It is still important but a slightly lower order priority is the overtaking lane. We have to get some decent width into as much of that road as possible first before we look at the overtaking lanes, but if and when we have some money available for that I will let you and the member for Chaffey know.

**Mr PEDERICK:** I would urge you to have a look at it because especially on the Mallee Highway between Peake and the border it is a dog's breakfast—too many corners. I will head quickly to Budget Paper 4, Volume 3, page 89, Description/objective, and referring to marine facilities and the questions around the South Australian Boating Facility Advisory Committee. My understanding is that this committee did not make decisions for a long time with regard to boating facilities, boat ramps, etc. Was that because there were problems getting the composition of the committee right and has it been resolved so that we are now getting decisions made around boat ramps up and down the river down through to the Lower Lakes?

**The Hon. S.C. MULLIGHAN:** The committee did not meet for quite some time. We did have some difficulties getting a sufficient number of women to serve on that committee. We blokes are not the only ones who are involved in different parts of the boating industry and I felt it was important to have a level of female representation on that. We had some but not as many as we would have liked, and so that did hold things up. Did it hold things up doing things out in the water or adjacent to the water? I do not think so because when I first became minister one of the early things that I think passed under my nose was approving the next tranche of boat ramps and facilities.

I think our first country cabinet meeting was at Berri and I think I announced four facilities out there which were to be done. As an aside, I also had the pleasure of going out and opening up the new boat ramp facilities for those poor people at Black Point who obviously were in urgent need of facilities, including the one gentleman who said that even with the redesigned facilities he would not be able to launch his eight-metre power boat in there, and he was able to cut a cheque for \$50,000 or \$60,000 to enable us to expand it for his particular needs.

**Mr PEDERICK:** Good on him.

**The Hon. S.C. MULLIGHAN:** Good on him, yes; I say that as well.

**Mr PEDERICK:** You were talking about how you like other co-sponsors coming in with funding.

**The Hon. S.C. MULLIGHAN:** That is right, yes. If only all of our regional communities were as able to be—

**Mr PEDERICK:** They all might not be as wealthy as—

**The Hon. S.C. MULLIGHAN:** That's right—able to be as forthcoming as the Black Point community. So, I do not think it held up what we were doing in terms of improving facilities, but, yes, the committee did not meet for a while, because we tend to have a forward plan for at least 12 or 18 months on approved works and undertaking those works. It is not so much important for our purposes, but it is more important to do that for the councils, because they match the funding to a

certain extent, and it is obviously much harder, particularly for the regional councils, which have much less ability to put money into this that they can forward budget and forward schedule for when their contributions come in.

**Mr PEDERICK:** My last question on this line is two part: what is the gender equity stipulation for the committee, and how much money is in the Boating Facilities Fund?

**The Hon. S.C. MULLIGHAN:** We have a government-wide policy of seeking to achieve 50 per cent of all our boards and committees. In globo, across the board (pardon the pun), I think we are close to 50 per cent. In some areas it is very difficult to achieve 50 per cent. I forget which of the boards that report to me had only one registered female in the whole industry, of a board of eight, so sometimes you come across those sorts of issues, but it is something we strive for.

As for the balance of the fund, it does have an accrued balance for two purposes: one, so that we can disburse the funds that have previously been agreed to between government and councils; and, also, because there may well be the need to have an accrued balance to invest in a particularly expensive project in the future. So, we are still getting the same level of money out the door, roughly, that we have been in recent years, but we still have a retained balance, should we need to invest in that particular project.

**Mr PEDERICK:** Are you able to tell us that balance or bring it back?

**The Hon. S.C. MULLIGHAN:** The balance, I am told, is currently \$8.6 million—I presume that is before this financial year's disbursements.

**Mr PISONI:** Minister, I take you to page 74, 'Workforce summary'. I notice that your FTEs estimated result is an increase from last year for this year, but then you are going back down in your budget for 2016-17 to about 60 fewer. Can you advise—

**The Hon. S.C. MULLIGHAN:** Sorry, is that the case? Which numbers are you referring to there?

**Mr PISONI:** Page 75, the total agency, Department of Planning, Transport and Infrastructure, Administered Items, the total. Can you advise the committee what was paid out in TVSPs in the 2014-15 year and the 2015-16 year in your department?

**The Hon. S.C. MULLIGHAN:** I will have to take that on notice. There is a budget line somewhere—it might be in Budget Paper 4 or Budget Paper 3—where we received some supplementation from Treasury to pay some of those the TVSPs. I cannot recall the figure off the top of my head—I think it was in the order of—was it 5 that we got from Treasury?

**Mr PISONI:** You can bring it back. Also, what the budget is for 2016-17?

**The Hon. S.C. MULLIGHAN:** Sure, I will bring it back.

**Mr PISONI:** I also want some clarification. You were asked on ABC breakfast radio on 15 June—I will quote Matthew Abraham:

I am wondering whether you're having a performance review of your chief executive.

You answered:

Well all chief executives have their performance reviews.

Then Abraham interrupted you and said:

And you're happy with his performance?

You didn't answer that question.

**The Hon. S.C. MULLIGHAN:** Sorry, did you say I was interrupted?

**Mr PISONI:** Yes, on ABC: I know it's unusual.

**The CHAIR:** Seems unlikely.

**Mr PISONI:** You went on to say:

Well...when it comes to the public transport network we're trying to take that 95% plus statistic as close to 100 as possible...

Matthew Abraham, uncharacteristically, interrupted again and said:

You're happy with his performance, Minister?

Again, you did not take the opportunity to answer that question. You wanted to say:

We won't stop working until we get there...since Michael's come onboard...

I am asking you, minister: do you have full confidence in your chief executive?

**The Hon. S.C. MULLIGHAN:** Yes, I think we have made tremendous amounts of progress in a range of areas across the transport and infrastructure portfolios and, indeed, those areas of the department which service me in my capacity as Minister for Transport and Infrastructure.

**Mr PISONI:** Justice Heydon, in his report on the trade union royal commission, said that Michael Deegan may have committed an offence against section 249B(2)(b) of the New South Wales Crimes Act 1900 by giving a corrupt commission. That section of the act reads:

the receipt or any expectation of which would in any way tend to influence the agent to show, or not to show, favour or disfavour to any person in relation to the affairs or business of the agent's principal...

Justice Heydon then went on to report that:

Pursuant to s 6P of the *Royal Commissions Act 1902* (Cth) and every other enabling power, this Report and all relevant materials have been referred to the New South Wales Commissioner of Police and the Director of Public Prosecutions of New South Wales so that consideration can be given to commencing proceedings against Michael Deegan in relation to a possible offence under s 249B(2)(b) of the *Crimes Act*...

Has Mr Deegan offered to resign?

**The Hon. S.C. MULLIGHAN:** Mr Deegan denies the allegations. He has denied the allegations to me and to the Premier. My understanding is that, when Mr Deegan appeared before the royal commission to give evidence, the allegations and assertions which form the seemingly inconclusive basis of Justice Heydon's comments when he alludes to 'may' and 'possible' were not even put to him directly. My understanding also is that these matters were investigated quite some time ago by New South Wales authorities without Mr Deegan being aware of such investigation or even being contacted about such investigation. I do not think there is much more to add about it.

**Mr PISONI:** Did you answer the question as to whether he offered to resign?

**The Hon. S.C. MULLIGHAN:** I do not recall that he did. I will check, but I do not recall that he did.

**Mr PISONI:** There was no letter offering a resignation?

**The Hon. S.C. MULLIGHAN:** Not to my recollection, but I am happy to go back and check my records or, indeed, those of his employer, who is the Premier.

**Mr PISONI:** Has Mr Deegan informed you of any progress of the materials being referred to the Commissioner of Police and the Director of Public Prosecutions of New South Wales for consideration?

**The Hon. S.C. MULLIGHAN:** No, except that, as you said from the reference that you alluded to, he along with all of the other people who appeared before the royal commission who were alleged to have perhaps engaged in particular levels of conduct were all also being referred to various authorities in New South Wales. The most recent advice I have is that, if that has occurred, there has not been much if any progress in any work that they have been doing, once they have been in receipt of those materials.

**Mr PISONI:** Is Mr Deegan under any instruction to inform you of the progress, as he is made aware of it?

**The Hon. S.C. MULLIGHAN:** I would have to check with the Premier, who is his—

**Mr PISONI:** Mr Deegan is right next to you. You could ask him whether he has been given any instruction.

**The Hon. S.C. MULLIGHAN:** Yes, but he is employed by the Premier so, in providing instructions of that nature, that may not necessarily come from his line minister or one of his line ministers, given I am one of five, I think, but I—

**Mr PISONI:** He is working for you, isn't he?

**The CHAIR:** No, member for Unley, I think it is clear that he is working for the Premier.

**The Hon. S.C. MULLIGHAN:** He works for the Premier—

**The CHAIR:** Contractually, he works for the Premier, so questions—

**The Hon. S.C. MULLIGHAN:** —and he reports to five ministers.

**The CHAIR:** That is right.

**Mr PISONI:** And you are one of the ministers he reports to.

**The Hon. S.C. MULLIGHAN:** I am one of them; yes, that is right.

**Mr KNOLL:** Can I just ask one more follow-up on that, minister? For the time that Mr Deegan was in front of the royal commission, did he take leave to go and appear before the commission or was that part of his ordinary duties?

**The Hon. S.C. MULLIGHAN:** I would have to take that on notice. He certainly advised the government that he was required to appear and would be appearing. As to the leave arrangements, I will have to come back to you.

**Mr KNOLL:** Could I say: just ask the question. Mr Deegan is sitting right here. We could figure it out pretty quickly. I think South Australian taxpayers would have an interest in knowing what the arrangements are.

**The Hon. S.C. MULLIGHAN:** Yes, and I have undertaken to provide the information.

**Mr PISONI:** I refer to page 78 of Agency Statements, Volume 3, in relation to the new city high school site. Are you confirming that \$30 million was the purchase price of the site? What type of title is that? Is that outright ownership or a term lease?

**The Hon. S.C. MULLIGHAN:** My understanding is that that is the purchase price.

**Mr PISONI:** Is that of the building itself, or does it involve any land?

**The Hon. S.C. MULLIGHAN:** I will have to get back to you on that.

**Mr PISONI:** Are you also able to confirm how long the building process and renovation process will take from start to finish?

**The Hon. S.C. MULLIGHAN:** It will be an extensive process. Essentially, the Reid Building, I think it is called, is being refurbished. It will be basically refitted, albeit for a different purpose but in a similar way, I would imagine, to how those large commercial buildings at the intersection of O'Connell Street and Brougham Place were turned into apartments and the old ETSA building on Greenhill Road was completely refitted. The commitment from the government was that the school would be accepting students in time for the 2019 school year, and my understanding is that that is still the case. Basically, from a point—

**Mr PISONI:** There is a new building involved as well, isn't there?

**The Hon. S.C. MULLIGHAN:** Yes, that is correct. That will not be refitted because that will be a new build.

**Mr PISONI:** Yes, that is right. So, there is the refitting of the existing building and a new building?

**The Hon. S.C. MULLIGHAN:** Yes.

**Mr PISONI:** Have you confirmed the capacity?

**The Hon. S.C. MULLIGHAN:** Of both?

**Mr PISONI:** Of the school.

**The Hon. S.C. MULLIGHAN:** My understanding is that we announced 1,000 students.

**Mr PISONI:** What I am asking is: has it been confirmed?

**The Hon. S.C. MULLIGHAN:** My understanding is that there is ongoing engagement with the education department and the building management team, I think it is, in our agency, about all of that. I will come back to you with the details.

**Mr PISONI:** Has the tender been awarded yet?

**The Hon. S.C. MULLIGHAN:** My understanding is that, late last year, Cox Architecture was appointed as the lead designer to do the concept design. Early this year, Lendlease and Hansen Yuncken were both engaged to participate in the early contractor involvement process, which sounds to me like those two are still competing in the tender process. No, they are working together to design and construct, so, yes, I think we have appointed—

**Mr PISONI:** So, the construction contract has been awarded?

**The Hon. S.C. MULLIGHAN:** No, the construction contract has not been awarded. Sorry for the confusion.

**Mr PISONI:** Have the designers been briefed to make allowances for grade 7 and high school?

**The Hon. S.C. MULLIGHAN:** I will have to come back to you on that. I understand there is a fulsome discussion at the education department level about pedagogy and learning experience and—

**Mr PISONI:** But this is a brand new building.

**The Hon. S.C. MULLIGHAN:** Yes, in which educational things will be occurring.

**Mr PISONI:** It would be a pity to build it without considering all of the future options, minister.

**The Hon. S.C. MULLIGHAN:** I am mostly interested in bricks and mortar, rather than chalkboards and—

**Mr PISONI:** Bricks and mortar are homes, minister.

**The Hon. S.C. MULLIGHAN:** Yes, and schools.

**Mr PISONI:** And that is where the people are.

**The Hon. S.C. MULLIGHAN:** Yes. There is something in that for all of us.

**Mr PISONI:** Can I take you to the fleet replacement program for buses? This is on the same page. How many registrations of interest has the government received? In your introduction on that tender document, you say that it is expected that the procurement process will continue and that the bus replacement program will commence in the second half of 2016—and obviously we are in that now—with the intention of awarding a new bus supply contract in August 2017. My question is: how many registrations of interest did you have, and have you awarded that program?

**The Hon. S.C. MULLIGHAN:** I will have to come back to you on the details of that. My understanding is that we have, and have had, a contract with a particular supplier for a number of years—I am not sure how many years that is—and they supply a number of buses each year. My further understanding is that that number of buses can vary year to year on the vagaries of exchange rates and similar factors, which might provide greater or lesser purchasing power to the government. The current one—I think it was Scania for the chassis and I think Custom Coaches was building the bodies on top of the chassis. You probably remember that 12 to 18 months ago Custom's work was—

**Mr PISONI:** Moved to Sydney.

**The Hon. S.C. MULLIGHAN:** —centralised into their other manufacturing operation.

**Mr PISONI:** They are still using Australian steel, I understand.

**The Hon. S.C. MULLIGHAN:** Good.

**Mr PISONI:** The current contract will expire in June 2018, according to your tender documents. Have you been in discussions with the current bus operators about how they believe improvements in the purchasing of buses and the procurement process, or changes, could actually improve outcomes?

**The Hon. S.C. MULLIGHAN:** I have certainly had probably more anecdotal discussions with representatives of the companies that run the different bus operation areas. I have expressed to them that, because some of them have operations both interstate and overseas, we are looking at reaching a goal of being a carbon neutral city. Along with several other major inputs to that, transport and public transport is a big contributor to carbon emissions within the city, so we think that there is a role, such as it is, for buses and the bus replacement program to try to contribute towards those goals and look at broader technologies. I have suggested to them that, should they have particular views about what they have regarded as being successful, both locally or overseas, they should feed that through to the DPTI team so that we can contemplate that as part of the tender.

As you can imagine, we are going through a process globally where there is a rapid acceleration of different types of technologies and companies that are at various levels of deployment of those different technologies, whether it is hybrid buses or electric buses or similar types of new technologies. I have had those sorts of anecdotal discussions. I think one occasion, for example, was when we met with the bus operators to talk about the government's changes to security arrangements on buses.

**Mr PISONI:** The anticipated time line in the tender documents, I see that they would assess registrations by April 2016 and request supply of test vehicles by May 2016. Have they been met, those anticipated time lines?

**The Hon. S.C. MULLIGHAN:** I would have to come back to you on the details of that.

**Mr PISONI:** I am interested in the fare evasion project that is on page 79 of the budget document—total costs of \$2.1 million. First, is it operating and what has it been directly responsible for recovering in fare evasion?

**The Hon. S.C. MULLIGHAN:** The project is, as I understand it, to install gates basically at two train stations: Noarlunga and Salisbury. That is underway, and I do not believe we have finished installing those. I cannot give you then an estimate on whether we believe that a larger proportion of people at those two sites—

**Mr PISONI:** Is there a budgeted figure?

**The Hon. S.C. MULLIGHAN:** I do not believe that we have a specific budget figure for revenue compliance activities on the public transport network. Rather, we would seek to continue proportionately increasing the amount of ticket revenue that we would have in line with patronage.

**Mr PISONI:** Is it something that you are looking at rolling out at other stations?

**The Hon. S.C. MULLIGHAN:** I think we will wait to see how these go first. I do not know whether you are familiar with both of the stations, but they are particularly challenging to install this infrastructure at, which was actually also part of the reason why, I am advised, they were selected to have the gates installed in them. Both of them have multiple access points to the stations and, to a lesser extent, the platforms. Obviously, we do have one very well-gated station, and that is the Adelaide Railway Station and that is particularly effective at fostering compliance activities, but also ensuring that people do the right thing and validate their card, because, when the gates are in operation, you cannot depart the train station without going through them.

The concern that we continue to have is that, in some areas of the public transport network, particularly the train network, a lot of the fare evasion occurs where people jump on for a few stops, and jump off, so they are not coming all the way into the Adelaide Railway Station. That is part of the reason why we have been pretty heavily engaged with both transit police, and there have been some changes to the operations of the passenger service assistance, to try to better target those areas where we believe fare evasion is more prevalent and crackdown on it, and indeed we have had a

significant increase in the last couple of financial years in the amount of compliance activity and hence fines that we have issued.

**Mr PISONI:** What is the value of the fare evasion in your estimates?

**The Hon. S.C. MULLIGHAN:** I think we have had a traditional estimate.

**Mr PISONI:** There is a figure that refers to an increase of about \$6.9 million in fare evasion, I think I saw. I am trying to find it.

**The Hon. S.C. MULLIGHAN:** I am not sure that that is—

**Mr PISONI:** It is one of the explanatory notes. I will see if I can find it. While we are looking, I think the member for Hammond has a question.

**Mr PEDERICK:** Minister, I refer to Budget Paper 4, Volume 3, page 93, Description/objective, in relation to public transport. We have seen that metro ticket services, over time, have expanded closer and into regional areas, especially up to Mount Barker. Is there any desire by the government to expand these services to places like Murray Bridge, Victor Harbor and Goolwa, and have any costings been taken into account on what this may cost government coffers?

**The Hon. S.C. MULLIGHAN:** Not at this stage, but I can mention a couple of things in relation to each of those different areas. One is that some of the private bus operators that provide services to those sorts of areas—and a good example is those towns in the Fleurieu, like Goolwa, Victor Harbor and the towns in between Middleton and Port Elliot—like Premier Stateliner, I think, are operating those services. They found it difficult because they run the services through the revenue they get off the fare box and so we allow them to set fees and, as you all know, the fees are much higher than the regular \$3.50-odd that we charge for a regular metro trip. They have sort of made rumblings that they would like to significantly change the service or reduce service levels, and we have—

**Mr PISONI:** This is Premier, down at the South Coast?

**The Hon. S.C. MULLIGHAN:** Yes. So we stepped in to ensure that they continued providing that service. In fact, I think the suggestion was that they would only run up to the Seaford train station and back and people could disembark and then jump on the train. I did not think that was likely to be a particularly attractive option for people who, as I understand it—you would know this better than I—are quite often using that service maybe to come up to town for appointments and procedures, etc., where they just want one journey rather than a combined journey. In some instances we have had to step in.

This does not answer your question about Murray Bridge to Adelaide, but what we have also tried to do is to look at three regional areas as a trial for Regional Access Committees. As the member for Unley would be aware, when we went to the bus industry council's annual conference a few months ago, we asked them to procure the services of a couple of transport academics from a couple of universities to basically assess all the transport operations that occur in that area—and that might be everything from school buses, taxi services, council bus services or other council services and community-provided services—to see where the gaps are for people in the community and make some recommendations to all the people who own or operate those assets about how we can make them more available.

The chestnut that keeps getting used is the school bus because that gets used for a couple of hours in the morning and in the afternoon—'Can we use it during the day for other purposes?' That work is underway, but I do not have much comfort for you in terms of access from Murray Bridge to Adelaide and what it would cost or whether we are looking at it. First, we are not looking at it and hence I do not think we have done the cost. It has more been about getting that service up to Mount Barker.

**Mr PISONI:** I refer to page 94:

The \$11.6 million decrease in income is primarily due to:

- a reduction in Metroticket revenue in 2015-16 (\$6.0 million)

Can you explain what is the cause of that reduction?

**The Hon. S.C. MULLIGHAN:** We have had a couple of service interruptions in recent times which would be a partial explanation for that, but as to any other reasons—

**Mr PISONI:** That is a lot of money—\$6 million.

**The Hon. S.C. MULLIGHAN:** It is a lot of money.

**Mr PISONI:** Is that predominantly on the trains?

**The Hon. S.C. MULLIGHAN:** I will have to come back to you with further advice about whether that is where that is from.

**Mr PISONI:** Could we have that broken down?

**The Hon. S.C. MULLIGHAN:** If I can get it broken down then, yes, I will. I think before, in your previous line of questioning about fare evasion, you alluded to that being money lost through fare evasion. I do not think it is that or I do not think it is that solely. We do lose money through fare evasion, we make no bones about that.

**Mr PISONI:** How do you measure that?

**The Hon. S.C. MULLIGHAN:** We estimate it, to be honest, rather than measure it because we do not have an accurate way of measuring it. We estimate that fare compliance is very high on trams.

**Mr PISONI:** High on trams? Have you been on a tram lately?

**The Hon. S.C. MULLIGHAN:** Compliance, not evasion.

**Mr PISONI:** No, I would disagree with you that compliance is high on trams.

**The Hon. S.C. MULLIGHAN:** What have you been doing on a tram, or not been doing, more to the point?

**Mr PISONI:** Not me, I always use my ticket.

**The Hon. S.C. MULLIGHAN:** That is good. Certainly, David, I am aware that one of the reasons we have been doing some compliance activities on the tram network is people who are not paying before they get to South Terrace and coming into the city in the morning, that is the most common, and then vice versa in the afternoon, but the advice I have is that, in a descending order of noncompliance, if I have framed that properly, it is trams and then buses.

Most people tend to do the right thing on the bus because of the physical act of passing the bus driver as they get onto the bus as that tends to foster compliance. It is not always, but it tends to. The greatest proportion of the problem is on trains and that is particularly those journeys which are undertaken within different sections of the train line. It is someone jumping on for a few stops and then jumping off and not coming all the way in, for example, or somebody not commencing their journey at Adelaide Railway Station, where they have to go through gates and risk the colloquial stink eye from their fellow passengers for not tapping on when they get on.

**Mr PISONI:** Just one quick question before we move to the omnibus questions, on the Metrocards. Why is there not a distinguishing colour between the 2 Zone and the other cards?

**The Hon. S.C. MULLIGHAN:** That is a good question.

**Mr PISONI:** For people living in my electorate who want to catch the tram, it is two zones. They might have a 2 Zone and a 3 Zone. I do not understand why you need two cards, but they have to actually fit their own physical marker on it to know which one to use.

**The Hon. S.C. MULLIGHAN:** That might be a reasonable suggestion. I will come back to you on that.

**Mr KNOLL:** Omnibus questions:

1. Will the minister provide a detailed breakdown of expenditure on consultants and contractors above \$10,000 in 2015-16 for all departments and agencies reporting to the minister,

listing the name of the consultant, contractor or service supplier, cost, work undertaken and method of appointment?

2. In financial year 2015-16 for all departments and agencies reporting to the minister, what underspending on projects and programs (1) was and (2) was not approved by cabinet for carryover expenditure in 2016-17?

3. For each department and agency reporting to the minister, please provide a breakdown of attraction, retention and performance allowances, as well as non-salary benefits, paid to public servants and contractors in the years 2014-15 and 2015-16.

4. For each year of the forward estimates, please provide the name and budget of all grant programs administered by all departments and agencies reporting to the minister, and for 2015-16 provide a breakdown of expenditure on all grants administered by all departments and agencies reporting to the minister, listing the name of the grant recipient, the amount of the grant, the purpose of the grant and whether the grant was subject to a grant agreement as required by Treasurer's Instruction 15.

5. For each year of the forward estimates, please provide the corporate overhead costs allocated to each individual program and subprogram administered by or on behalf of all departments and agencies reporting to the minister.

6. For each department and agency reporting to the minister, could you detail:

- (a) How much was spent on targeted voluntary separation packages in 2015-16?
- (b) Which department funded these TVSPs?
- (c) What number of TVSPs was funded?
- (d) What is the budget for targeted voluntary separation packages for financial years included in the forward estimates (by year), and how these packages are to be funded?

7. What is the title and total employment cost of each individual staff member in the minister's office as at 30 June 2016, including all departmental employees seconded to ministerial offices and ministerial liaison officers?

**The CHAIR:** There being no further questions, I thank the minister and his advisers, and I declare the examination of the proposed payments be adjourned until later today.

*Sitting suspended from 11:00 to 11:15.*

**DEPARTMENT OF PLANNING, TRANSPORT AND INFRASTRUCTURE, \$636,641,000**

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF PLANNING, TRANSPORT AND  
INFRASTRUCTURE, \$9,719,000**

**DEPARTMENT OF TREASURY AND FINANCE, \$55,641,000**

**ADMINISTERED ITEMS FOR THE DEPARTMENT OF TREASURY AND FINANCE,  
\$1,582,470,000**

**Membership:**

Ms Chapman substituted for Mr Pisoni.

**Minister:**

Hon. S.C. Mullighan, Minister for Transport and Infrastructure, Minister for Housing and Urban Development.

**Departmental Advisers:**

Mr J. Hanlon, Chief Executive, Renewal SA.

Mr J. Oliver, Chief Executive, HomeStart Finance.

Mr D. De Luca, General Manager, Corporate Services, Renewal SA.

Ms G. Vasilevski, General Manager, People and Place Management, Renewal SA.

Mr M. Buchan, General Manager, Property Management, Renewal SA.

Mr M. Devine, General Manager, Project Delivery, Renewal SA.

**The CHAIR:** We are now looking at the proposed payments for the portfolios of HomeStart Finance, Affordable Housing and the Urban Renewal Authority. I declare the proposed payments reopened for examination. I refer members to Agency Statements Volumes 3 and 4. I now call on the minister to make a statement if he wishes, or to introduce his new advisers.

**The Hon. S.C. MULLIGHAN:** I have John Hanlon, the Chief Executive of Renewal SA; John Oliver, the Chief Executive of HomeStart; and Damian De Luca, who is the General Manager of Corporate Services, with me. I do not have an opening statement, except to again invite the deputy leader or others, if they have omnibus questions, I am more than happy to receive them now or at the end, whenever suits.

**Ms CHAPMAN:** My understanding, minister, is that the omnibus questions that have previously been read out were to be in respect of all the agencies for which you are responsible, and therefore they do not need to be repeated, you will be pleased to know. You do not need to hear them three or four times during the day.

**The Hon. S.C. MULLIGHAN:** That is fine.

**Ms CHAPMAN:** I will start in respect of HomeStart, and indicate I will not have any opening statement. I am referring to Budget Paper 3, page 57, and I will also be referring to, under public financial corporations on page 80 and page 81, in respect of HomeStart Finance. Perhaps if the minister could look at page 80 to start with. In particular I am referring to the dividend for HomeStart Finance, which you will note was budgeted in 2015-16 for \$10.9 million, estimated result \$11.5 million. My question is: did HomeStart Finance receive a ministerial direction to increase the dividend to government in the 2015-16 year from \$10.9 million to \$11.5 million?

**The Hon. S.C. MULLIGHAN:** My understanding is no, it is more a reflection of the financial performance of that financial year.

**Ms CHAPMAN:** Had HomeStart Finance received any ministerial directions or Treasurer's directions during that financial year, and if so, what were they?

**The Hon. S.C. MULLIGHAN:** I have to take that on notice, deputy leader.

**Ms CHAPMAN:** I take it you cannot recall issuing any?

**The Hon. S.C. MULLIGHAN:** No. I have only held the portfolio for six months.

**Ms CHAPMAN:** I appreciate that. Why did the income tax equivalents increase from \$4.6 million to \$5.1 million in the same year?

**The Hon. S.C. MULLIGHAN:** It is a reflection of financial performance, I am advised.

**Ms CHAPMAN:** Overall then, apart from obviously increasing the net contribution to government, had there been any particular event during the year that had improved the financial performance of the agency, or was it relieved of any kind of liability in that time that ordinarily had not been anticipated?

**The Hon. S.C. MULLIGHAN:** I am advised that it is a reflection, as I mentioned earlier, of financial performance and in particular that over that time period there has been tighter lending

criteria from the established banks which has turned more customers towards HomeStart who are otherwise unable to be financed by the regular banks. In fact, I think the figure I have been given was: as against a target of 1,400 loans, I think 1,599 were written.

**Ms CHAPMAN:** That would explain it. Thank you. There is a payment to government to underwrite the insurance, essentially, of this agency. How much was paid last year to government for that?

**The Hon. S.C. MULLIGHAN:** Are you referring to the SAFA guarantee fee?

**Ms CHAPMAN:** Yes.

**The Hon. S.C. MULLIGHAN:** I would have to take that on notice and come back to you with an exact figure.

**Ms CHAPMAN:** About?

**The Hon. S.C. MULLIGHAN:** Somewhere between 26 and 27.

**Ms CHAPMAN:** Million?

**The Hon. S.C. MULLIGHAN:** Million, yes.

**Ms CHAPMAN:** Was that significantly different from the previous year?

**The Hon. S.C. MULLIGHAN:** I am advised probably not; probably within a million dollars difference, but I will come back with—

**Ms CHAPMAN:** And anticipated this year? Has there been any ministerial direction as to what is to be paid this year? Treasurer's direction, I should say.

**The Hon. S.C. MULLIGHAN:** My understanding is that there has been no direction and it is anticipated that the guarantee fee paid will be of a similar order, but maybe fractionally higher.

**Ms CHAPMAN:** Page 81. Was the return of capital to government of \$15.6 million in the 2015-16 year at the direction of the Treasurer?

**The Hon. S.C. MULLIGHAN:** My understanding is that an additional level of high dividend was paid at the request of Treasury. As to the role of the Treasurer in there, I would need to take some specific advice as to how that worked.

**Ms CHAPMAN:** I think they have the power to do it in that role, but the reason they did it or the reason they have asked for it, if you could return to the committee with that information.

**The Hon. S.C. MULLIGHAN:** I can do that.

**Ms CHAPMAN:** Thank you, because there is not foreshadowed to be any return of capital in the forthcoming financial years; that is, 2017-18, 2018-19, 2019-20. It appears to be a one-off. Perhaps it will be sold by then, but anyway, we will see. Is there still a board of HomeStart Finance?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** Did the board approve the transfers of capital? I assume that one to have been a ministerial direction, a Treasurer's direction, but the increase in dividends?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** Just to check if this is one of the agencies that has to declare a dividend and approve one but does not necessarily have to pay it, is this one of those agencies?

**The Hon. S.C. MULLIGHAN:** I will have to take that on notice.

**Ms CHAPMAN:** We are now past 30 June, did it pay the \$11.5 million to government?

**The Hon. S.C. MULLIGHAN:** Yes, I am advised.

**Ms CHAPMAN:** When did it pay that?

**The Hon. S.C. MULLIGHAN:** 28 June.

**Ms CHAPMAN:** Anticipatory. Thank you. Confidence. Who is paying for the scoping study on the possibility of transferring the commercial elements, is the quote I am referring to on page 57?

**The Hon. S.C. MULLIGHAN:** My understanding is that is the Department of Treasury and Finance.

**Ms CHAPMAN:** Had there been any request by the board to undertake the scoping study, or has this all come from Treasury?

**The Hon. S.C. MULLIGHAN:** I would have to take that on notice.

**Ms CHAPMAN:** I think you have a representative on the board, minister?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** When did they last meet?

**The Hon. S.C. MULLIGHAN:** 19 July, I am told.

**Ms CHAPMAN:** That is a week or so ago?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** Have you had a report from that meeting?

**The Hon. S.C. MULLIGHAN:** No. In fact, I attended the first half an hour of that meeting.

**Ms CHAPMAN:** Well, you were there.

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** Anything discussed about the scoping study or the request by Treasury to undertake a scoping study to consider the possibility of transferring commercial elements of HomeStart's current loan book and making its data base available to the private sector?

**The Hon. S.C. MULLIGHAN:** Yes, we discussed a range of issues that included that.

**Ms CHAPMAN:** And was that taken as being a discussion as a result of receiving the required notice from the Treasurer, that is, by the budget announcement at least, or had there been prior discussion about this at the board level?

**The Hon. S.C. MULLIGHAN:** There may well have been prior discussion by the board, but it was discussed in the time that I was at the board as part of a pretty wideranging discussion of how HomeStart is going, how the housing industry is going, and the role of HomeStart within the financial and housing industries.

**Ms CHAPMAN:** Any indication at the board level as to their agreement or otherwise, or did they just see it as a fait accompli anyway?

**The Hon. S.C. MULLIGHAN:** I do not think the conversation to my recollection was framed in either of those ways; it was more really just to have a discussion about all of those issues that HomeStart is dealing with, is anticipated it will deal with, in the context of the current housing and financial industries.

**Ms CHAPMAN:** Had there been any discussion at board level of this proposal or consideration of the commercial sale of any of these aspects prior to the announcement of the budget in June?

**The Hon. S.C. MULLIGHAN:** I would have to check and come back to you.

**Ms CHAPMAN:** For how long have you been minister?

**The Hon. S.C. MULLIGHAN:** Six months.

**Ms CHAPMAN:** And in that six months have you had monthly reports from the board?

**The Hon. S.C. MULLIGHAN:** I think I do get reports from the board, yes.

**Ms CHAPMAN:** Do you have a representative from your office attend the board meetings?

**The Hon. S.C. MULLIGHAN:** There is a representative; I am not sure whether from my office or from Treasury.

**Ms CHAPMAN:** From Treasury, but you get a report via the minutes?

**The Hon. S.C. MULLIGHAN:** That is my understanding, yes.

**Ms CHAPMAN:** You have no recollection of that being discussed at this stage—you will check, I appreciate.

**The Hon. S.C. MULLIGHAN:** No, that is right. It may well have been, and it may well have been summarised and referenced in a minute that I have seen, but given the volume of material and breadth of issues on which I am subjecting myself for questioning, I cannot recall that specific detail.

**Ms CHAPMAN:** I am happy that you have indicated that you will take it on notice and make it available. The key protections are identified on page 58 for the transaction in respect of the Land Services group, but is there similarly a list of key protections that your board or you have been informed of that would apply to HomeStart Finance if any of its services are sold?

**The Hon. S.C. MULLIGHAN:** Well, given that this is a—

**Ms CHAPMAN:** Scoping study.

**The Hon. S.C. MULLIGHAN:** Thank you. Given that this is a scoping study that has been conducted by the Department of Treasury and Finance, that question would be best directed to the Treasurer.

**Ms CHAPMAN:** We have, but I am asking you from your perspective, as you have the board that is responsible to you, whether to your knowledge your board or the executive officer made any request to you about ensuring that certain aspects of HomeStart Finance be secured, similar to the key protections for the other agency?

**The Hon. S.C. MULLIGHAN:** I think, as I have described, this is a scoping study that has been resourced and conducted by the Department of Treasury and Finance. The key tenets or principles of the work and any transaction that may or may not occur as a result of that scoping study is, as I understand, within the purview of DTF rather than HomeStart. So, I do not know that I have the capacity to adequately answer that question.

**Ms CHAPMAN:** At the discussion you had for the first half hour of the board meeting 10 days ago, when it discussed it generally, was there any discussion or expression by the board about any elements that may need to be protected, and to let Treasury know, that might need some quarantining or protection while they were preparing their scoping study?

**The Hon. S.C. MULLIGHAN:** Views were put forward about what is the role of HomeStart, and what it may or may not be in the future, but I do not think that can be readily equated to the same sorts of protections or principles for a particular transaction in the way that you have drawn my attention to those listed on page 58 for elements of the Lands Titles Office, but I will check.

**Ms CHAPMAN:** Do you recall if they raised at all issues such as the privacy information of the current database—that is, on the current loan book—the protection of that or security of continuation of loans, bearing in mind that I think we could describe so many of these as financially fragile in the sense that those applicants who get HomeStart finance would often never, ever get through the door of a commercial bank? These elements are being considered for sale. Was there anything discussed at that board meeting that raised any of those types of issues which they may or may not have indicated some concern about in your presence?

**The Hon. S.C. MULLIGHAN:** I am not sure that the conversation got down to that level of detail. Certainly, I recall discussions about how it might relate to the future role of HomeStart. In particular, there was some discussion around the fact that there is a level of diversity amongst those who have loans with HomeStart. Your characterisation of them as being people who would 'never, ever' get through the front door of a bank—

**Ms CHAPMAN:** No, some of them.

**The Hon. S.C. MULLIGHAN:** —you did not say 'some of them'—is not accurate. A good example of that would be the product which has been offered for quite a long period of time, I think at least 10 years, which is the graduate loan where people who meet certain criteria, who may be graduates from tertiary institutions, for example, but who may not meet all of the pre-qualifications to receive finance from the big four as they may not have enough capital behind them to meet an acceptable loan value ratio and so forth, might receive a loan from HomeStart, but very quickly become financially capable to the extent that they would be able to receive finance from a traditional lender. That is an example of the broader considerations that I recall being canvassed at the board meeting. I will take some time to refresh my memory, or have it refreshed for me, about exactly what was discussed at the meeting, but I do not recall getting down to that level of detail.

**Ms CHAPMAN:** We will look forward to receiving that. Certainly, I think it is fairly clear that the student lists are a very attractive piece. Were there any aspects identified in that conversation—

**The CHAIR:** Excuse me, deputy leader, I am sorry to interrupt your flow, but can you just tell us what volume you are looking at, please? My team of experts cannot locate it.

**Ms CHAPMAN:** Budget Paper 3, Budget Statement. The sale arrangements and scoping study are at page 57, and the agency is described under Public financial corporations on pages 80 and 81. Finally, on HomeStart Finance at the bottom of page 81, minister, the number of full-time equivalent employees is 94.4, and it is just repeated all the way through as exactly the same. Is there any efficiency measure imposed on them?

**The Hon. S.C. MULLIGHAN:** I am advised, not in the context of affecting the FTE numbers.

**Ms CHAPMAN:** In what other context? Just to take more money?

**The Hon. S.C. MULLIGHAN:** No, there could be other administrative efficiencies in an organisation.

**Ms CHAPMAN:** That is what I am asking—what else?

**The Hon. S.C. MULLIGHAN:** There is no other, at this time.

**Ms CHAPMAN:** So is there any reason why that remains exactly the same?

**The Hon. S.C. MULLIGHAN:** As I explained in a previous answer, the business has gone through a period of growth, particularly in the most recent financial year when there has been a significant increase in the number of loans, and the financial performance of the organisation is such that there has been an increasing return to government. So, in that context, perhaps the quest or the need for further efficiencies may not be as ready as perhaps some other areas.

**Ms CHAPMAN:** I am just wondering why it would not be expanding if it is doing so well but, anyway, that is fine, thank you.

**The Hon. S.C. MULLIGHAN:** Maybe they are already ruthlessly efficient.

**Ms CHAPMAN:** Ripe for sale, as they say? I would like to move on, if I may, to Renewal SA. I refer to Budget Paper 3, pages 78 and 79. I will come to some other references in a moment. I will start with the dividend, which is on page 78. This is an agency that must declare a dividend as part of its legislative base. It does not necessarily have to pay it.

What we heard last year was that it declared a dividend and then did not pay it, and it was forgiven after 30 June. That is not uncommon, but it is still statutorily required to produce one. For the purposes of calculating the ones we have here—the amount that was budgeted for at 5.3 million and estimated at 7.2 million—firstly, what was the final result at 2015-16?

**The Hon. S.C. MULLIGHAN:** My understanding is that the final financial performance for the year end is still being calculated, so the exact impact on dividends, special or otherwise, is still yet to be finalised. And it is my understanding that the estimated result for 2015-16 that you see in table 5.8 on page 78—that 7.2 figure—is the accrual of three years' worth of ASER dividends, which has been paid.

**Ms CHAPMAN:** That was my next question—7.2 million has been paid?

**The Hon. S.C. MULLIGHAN:** That is my advice.

**Ms CHAPMAN:** When was that paid?

**The Hon. S.C. MULLIGHAN:** On 30 June, so on that—

**Ms CHAPMAN:** On 30 June?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** When the announcement came in respect of the transfer of TAFE assets, which I will come to an a moment, the provision under that arrangement was that the first \$85 million to be transferred from government to TAFE was to occur before 30 June. Was that taken into account in determining the 7.2 million?

**The Hon. S.C. MULLIGHAN:** I will check this, but I think we are talking about separate areas of Renewal SA's responsibilities. I just outlined that the 7.2 is a reflection of a dividend that is payable in respect to ASER, whereas the remainder of the financial arrangements occur across the rest of the Renewal SA business. That 7.2 only relates to the ASER payment and not to any other payment.

**Ms CHAPMAN:** When the Renewal SA board budgeted for a 5.3 dividend, based on the anticipated net income that it would receive during that financial year, did it assume that it was going to get income only from ASER?

**The Hon. S.C. MULLIGHAN:** My understanding is that that 5.3 figure which you refer to in the 2015-16 budget line—

**Ms CHAPMAN:** Yes, as a dividend.

**The Hon. S.C. MULLIGHAN:** —as the dividend is two years of ASER dividend, because an ASER dividend has not been paid for some time. The 2015-16 result, which is a higher figure of 7.2, is a reflection of three years of ASER dividend. That dividend line in the 2015-16 context—both budget and estimated result—is specific to the ASER dividend and the difference is between the accumulation of two years' dividends versus three years' dividends and it was the three years which reflects in that high estimated result figure.

**Ms CHAPMAN:** Which is curious, given the statements made by the Attorney-General last year when he had this area of responsibility, when we were talking about an \$11 million dividend that have been approved at the May meeting of the board, was in the budget and was then not paid. Without being critical of it, the poor financial record of the division last year and that preceding year resulted in a plea of mercy to the Treasurer to relieve them of the obligation to pay it, even though there was a statutory obligation to declare it. So you are saying here that in this instance it was identified, it was money that was directly coming in because of the ASER transfer—and that occurred a few years before, we understand that—and that that was not required to be debited against other performance of the agency? That was just an amount that was paid as a result of that obligation of transfer?

**The Hon. S.C. MULLIGHAN:** My understanding is that the \$11 million you referred to was a special dividend separate from the ASER dividend. I will endeavour to come back with any further detail should I not accurately describe this, but my understanding is that there were two elements to dividend payments, one ASER and one special dividend, and there was a waiver of the special dividend but not the ASER dividend.

**Ms CHAPMAN:** In respect of the dividend, of which for its general performance there was none, or it was relieved or whatever, was that calculated before or after the decision to receive the TAFE assets and in particular the first \$85 million of the money transfer under the TAFE deal?

**The Hon. S.C. MULLIGHAN:** My understanding is that the dividend was calculated on the basis of the entirety of the Renewal SA business, and it could be considered that that is quite separate from the transfer of TAFE properties, which I understand does not occur until the current financial year, from 1 July. I am advised that there was an equity injection of \$105 million in the financial year that has just concluded, in 2015-16. As to whether that had any impact on the calculation for the dividend, I would have to come back to you with some further advice.

**Ms CHAPMAN:** So the \$85 million that was to be paid in as part of the agreement, a share of the equity for the TAFE deal, you say was actually transferred at \$105 million before 30 June?

**The Hon. S.C. MULLIGHAN:** I am struggling to locate, either mentally or on the page, the \$85 million that you are referring to because the advice I have is that there was an equity injection from the general government sector to Renewal SA of \$105 million in 2015-16.

**Ms CHAPMAN:** What was that for if it was not for the advanced payment on TAFE assets?

**The Hon. S.C. MULLIGHAN:** I am advised that it was to contribute towards the transaction for the TAFE properties, but the transfer of the properties themselves does not occur until—

**Ms CHAPMAN:** Yes, I will come to that in a moment. When it came to assessing what the board would approve to recommend as the dividend to the government, the transfer of equity was not taken into account because that was not part of its normal operating buying and selling during the year. Do I have that correct?

**The Hon. S.C. MULLIGHAN:** I would have to take that on notice just to be absolutely sure.

**Ms CHAPMAN:** We have the first transfer of the equity prior to 30 June. When does the \$650 million worth of asset actually transfer to Renewal SA?

**The Hon. S.C. MULLIGHAN:** It is anticipated that the transfer of the properties at this stage will occur in the second quarter of the financial year.

**Ms CHAPMAN:** In the second quarter, so some time between end of September and end of December this year?

**The Hon. S.C. MULLIGHAN:** Yes, the last three months of this calendar year. That is the anticipated time.

**Ms CHAPMAN:** When does the \$400 million debt transfer occur?

**The Hon. S.C. MULLIGHAN:** I am advised at the time of the transaction occurring for the properties. So, effectively at the same time.

**Ms CHAPMAN:** Let us assume that happens on 1 October, or some date in that second quarter of this financial year; up until that time, all of the current rental arrangements, this is the payment of TAFE, of their \$20 million a year, in round terms, for rent, it does not become an obligation of Renewal SA, until it actually gets the title, is that correct?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** So, correspondingly, it would not be receiving the \$35 million a year CSO from government to make it have a commercial return?

**The Hon. S.C. MULLIGHAN:** That is my understanding, yes.

**Ms CHAPMAN:** So, for this current financial year we are in, the obligation to really charge the rental and receive income from government will be effective as at the registration of the transfer?

**The Hon. S.C. MULLIGHAN:** I would have to take some advice on whether the figures that we have just canvassed, which is the \$30-odd million and the \$20-odd million, split between rental payments and CSO payments, rental payments—

**Ms CHAPMAN:** They are in the documents—I am happy to go to them, if you would like me to.

**The Hon. S.C. MULLIGHAN:** No, I have not questioned the veracity of what you have said. I am just explaining my answer.

**Ms CHAPMAN:** It is all at page 79, if you need to have the detail there.

**The Hon. S.C. MULLIGHAN:** I have lost my train of thought, sorry.

**Ms CHAPMAN:** It is at page 79.

**The Hon. S.C. MULLIGHAN:** I am aware of the reference, but I was part way through—

**Ms CHAPMAN:** At paragraph 2 it gives you a summary of what is being paid: \$650 million, assets; \$250 million, equity injection; the \$55 million per annum, which is \$20 million from TAFE to rent the property and another \$35 million as CSO payments. It is all explained there.

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** So, my question is: whilst the obligation to manage these properties and rent them back, given that it has been identified as 'the best available commercial property management experience and expertise of Renewal SA', why did it get the equity injection of \$105 million before 30 June?

**The Hon. S.C. MULLIGHAN:** That would be a question you would have to direct to the Treasurer.

**Ms CHAPMAN:** The documents which have been referred to in the parliament, and at budget estimates a month ago—11 July—when the treasury department came in, indicated that the—

**The CHAIR:** Are you referring to the Budget and Finance Committee?

**Ms CHAPMAN:** Yes, budget and finance. Are you on that, sir?

**The CHAIR:** No, I am the chair of the Economic and Finance Committee.

**Ms CHAPMAN:** A worthy committee. Because the reference was that this was to 'improve the debt to asset ratio of Renewal SA' to improve their bottom line.

**The Hon. S.C. MULLIGHAN:** I am sorry. Was that a question?

**Ms CHAPMAN:** Yes.

**The Hon. S.C. MULLIGHAN:** Well, if that was their evidence then I assume if I sought an answer from them, then it would be consistent with that answer.

**Ms CHAPMAN:** Had there been any requests by Renewal SA to Treasury, if they were to take over the responsibility of these assets, to actually have an advance in this arrangement, like this, of the \$105 million in equity?

**The Hon. S.C. MULLIGHAN:** I am not sure what the communications were between Renewal SA and the Treasury department, but I am happy to take that on notice and come back with whatever I might be able to discover.

**Ms CHAPMAN:** And you have monthly meetings, your board has monthly meetings?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** And you receive the minutes of those meetings?

**The Hon. S.C. MULLIGHAN:** My understanding is, yes.

**Ms CHAPMAN:** And do you recall any reference in those to any requests being sent to the Treasury, that if they took over the TAFE assets that they get some equity early up?

**The Hon. S.C. MULLIGHAN:** I certainly remember the fact that the matter was canvassed and discussed at a board level. As to exactly what they sought from that, I would have to come back to you with more detail.

**Ms CHAPMAN:** You would be aware, and I appreciate you have only relatively recently taken over the responsibility of this agency, that it has not actually had a stunning financial performance since its inception, in the sense that there has been hopeful expectation of certain sales and each year we hear about the rather depressed urban development market and the consequential explanation for having a fairly poor financial return. So it probably would not surprise you, minister, that they would be seeking some element of advance to prop up the budget. Would that be fair?

**The Hon. S.C. MULLIGHAN:** I am not surprised at elements of Renewal SA's financial performance, for a few reasons. One is that they have been charged with the traditional role of, for example, the previous Land Management Corporation, and that is to take possession, to purchase

property, and retain that property for quite some time and then provide that property to the community—whether it is the residential, commercial or industrial sectors—for development at an appropriate time in the market cycle. In that instance, for example, there are—obviously as a public non-financial corporation meeting the competitive neutrality principles which many, if not all, of the PNFC sector are having to operate within—often significant costs in holding that land, and a good example of that would be land tax liabilities.

I am also not surprised by elements of Renewal SA's financial performance given that the government, over a number of years now, has taken very deliberate decisions to take possession of and expend very significant sums of money on ensuring that those sites can be prepared, master planned and then successively developed into different uses. Good examples of that would be the Tonsley site down at Mitsubishi, which of course is a significantly industrially blighted site. Another example of that would be the Bowden site and another would be the waterfront land around the inner harbour of Port Adelaide.

The government has purposely taken a decision to take control of that land and spend money on it so that that former industrial land can be repurposed into something more in keeping with desired community uses. That involves expenditure of often vast amounts of money, getting it into a fit state for that.

So, in those contexts, I am not surprised by some of the elements of the financial performance. Probably the last concluding remark is that, as you quite well point out, there has been a significant decline, in many cases, of the value of land—particularly land which could be used for commercial or industrial purposes—given the lack of demand for land as a result of the lack of demand for goods or services being provided by those sectors of the economy, particularly since September 2008.

**Ms CHAPMAN:** Given that you have mentioned that Port Adelaide's development, which I was not going to go to, but it has recently been announced as a new development. Three people have been identified for tendering to develop—well, one is to clean up, the others are for housing developments. Are you saying that Renewal SA has actually spent money in respect of that project in the last financial year and, if so, how much?

**The Hon. S.C. MULLIGHAN:** I will come back to you with an answer, but certainly the expenditure, at the very least, has included the operating expenditure, which has funded a series of joint initiatives between the state government and the Port Adelaide Enfield council, as well as any other resources which were required for the superintendence of that process.

**Ms CHAPMAN:** I look forward to that; thank you. In respect of the charter of Renewal SA, the last of which was tabled on 5 August 2014, is there any funding for any upgrading of the charter?

**The Hon. S.C. MULLIGHAN:** I don't know. I will check on that. Usually, the renewal of a charter does not require a significant amount of resources, just a level of effort by existing staff.

**Ms CHAPMAN:** Is it happening?

**The Hon. S.C. MULLIGHAN:** Yes, it is, I am told.

**Ms CHAPMAN:** When is it expected to have a reformed charter to be tabled in the parliament?

**The Hon. S.C. MULLIGHAN:** Fairly soon, I think.

**Ms CHAPMAN:** This financial year?

**The Hon. S.C. MULLIGHAN:** I would think so, yes.

**Ms CHAPMAN:** While we are on the dividend—and I appreciate that you are indicating the \$7.2 million is actually just a reflection of the ASER payments for the last three years—I assume that is as a result of the land tax consequences of the legislation that we passed several years ago?

**The Hon. S.C. MULLIGHAN:** I am advised that the dividend is based on the operating surplus we would make as a result of our activities as a landlord to the extent that there is land tax which comprises or influences that result. I will have to come back to you with further details.

**Ms CHAPMAN:** We dealt with that a few years ago; that is fine. In respect of the dividend otherwise, which I think you are indicating would be nil, we have a dividend for the 2016-17 year, which is not looking terribly generous, to the extent of \$2.7 million.

**The Hon. S.C. MULLIGHAN:** It depends on where you are sitting really, doesn't it?

**Ms CHAPMAN:** I am taxpayer, so I am very concerned at the minute. Is that \$2.7 million wholly expected to be again just the expected return on the ASER site?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** One of the hopeful expectations, in the likelihood of the 2015-16 dividend being much improved when we were here last year, that is, when we found that the \$11 million that was scheduled to be a dividend then was not paid for the reasons we have already gone through, was that the Attorney-General (and minister at the time) was asked whether he would explain why that had not happened. I think largely, in fairness, the non-receipt of the first \$45 million under the Gillman deal had some very clear consequences and understandably the letter of request to the Treasurer to be relieved of that payment followed and he gave all of that evidence last year. He thought that that \$45 million would be paid in the 2015-16 year. I assume, because of public statements made in respect to the High Court settlement, that that was not paid?

**The Hon. S.C. MULLIGHAN:** That is correct.

**Ms CHAPMAN:** Are you expecting to receive it in this financial year?

**The Hon. S.C. MULLIGHAN:** My understanding is that we anticipate that the settlement of the land is still to occur from ACP. I think the date that the Deputy Premier has previously spoken about is 1 November.

**Ms CHAPMAN:** That is when the first payment is due under the High Court settlement, but has that been included in the budgeted figures for the purposes of assessing the future dividends?

**The Hon. S.C. MULLIGHAN:** I will have to come back to you on that.

**Ms CHAPMAN:** In any event, in respect of that settlement, are you, minister, confident that that is going to be received?

**The Hon. S.C. MULLIGHAN:** I would like it to be received. I am not currently au fait with how all of the requirements on ACP are travelling and how that enables them to be in a position to make that payment, but if there is some further information I can provide to you then I will do that.

**Ms CHAPMAN:** Since 26 May this year, when I asked you in the parliament whether you had met with any of the proposed investors for the Adelaide Capital Partners proposal at Gillman, have you actually met with any investors?

**The Hon. S.C. MULLIGHAN:** I do not recall—

**Ms CHAPMAN:** Being asked to?

**The Hon. S.C. MULLIGHAN:** —but I would have to check.

**Ms CHAPMAN:** What are the total costs, including legal costs, for the Gillman project that have been met by the agency for the 2015-16 year?

**The Hon. S.C. MULLIGHAN:** The total costs I might have to take on notice.

**Ms CHAPMAN:** Do you have any details of any costs that Renewal SA has paid out during the 2015-16 year?

**The Hon. S.C. MULLIGHAN:** I have a line of legal costs incurred, you asked specifically for Gillman—

**Ms CHAPMAN:** Yes.

**The Hon. S.C. MULLIGHAN:** —of \$243,000.

**Ms CHAPMAN:** And any other litigation?

**The Hon. S.C. MULLIGHAN:** I understand a settlement payment of \$1.7 million has been made in respect of Gillman.

**Ms CHAPMAN:** That was to Adelaide City Council?

**The Hon. S.C. MULLIGHAN:** No. Then there has been a range of other legal fees which have been incurred in the course of Renewal SA's business.

**Ms CHAPMAN:** What was that?

**The Hon. S.C. MULLIGHAN:** Mostly to the Crown Solicitor's Office.

**Ms CHAPMAN:** Yes, I appreciate that. They charge a lot.

**The Hon. S.C. MULLIGHAN:** Yes. Again, it depends in which position you sit. I am advised that figure is \$437,000. We have \$246,000 for Festival Plaza, \$194,000 in relation to advice regarding SkyCity Casino, and then some other costs relating to general project delivery, property management and some other costs which I do not have any further details of, respectively of \$185,000, \$85,000 and \$198,000.

**Ms CHAPMAN:** What was the amount for Gillman?

**The Hon. S.C. MULLIGHAN:** \$243,000. The total figure I have for legal fees is \$1.6 million, and that is across all of the functions.

**Ms CHAPMAN:** I appreciate that, thank you. But the other costs in respect of this project, I will await those in respect of personnel required for inquiries, all the things that go with that project, which hopefully will produce a response in the next few months. Adelaide City Council and settlement of the Supreme Court dispute for them, has that been paid?

**The Hon. S.C. MULLIGHAN:** I think we are still finalising that settlement.

**Ms CHAPMAN:** There is still \$1 million of your agency's money sitting in the Supreme Court account, is that right?

**The Hon. S.C. MULLIGHAN:** I do not know about that, but I will not be disclosing any figures until we conclude that settlement with the Adelaide City Council.

**Ms CHAPMAN:** Has it been settled?

**The Hon. S.C. MULLIGHAN:** At the point in time that I am able to disclose those amounts without potentially compromising the legal settlement proceedings that we are in with the Adelaide City Council—

**Ms CHAPMAN:** Sorry, I had not asked you the amount that you paid.

**The Hon. S.C. MULLIGHAN:** You did. You just said, 'Is \$1 million still sitting in a particular account?'

**Ms CHAPMAN:** I know, but I then just said, 'Has it been settled?' Anyway, it has not been settled. There may be some money in a trust account. This is all in the public arena. I am not trying to be tricky with it.

**The Hon. S.C. MULLIGHAN:** This is indeed a public arena, yes.

**Ms CHAPMAN:** I just want to ask whether it has been settled.

**The Hon. S.C. MULLIGHAN:** Did you not just confirm that that was my previous answer?

**Ms CHAPMAN:** I did not.

**The Hon. S.C. MULLIGHAN:** Yes, you did. You just said that it has not been settled.

**Ms CHAPMAN:** You just said, 'I am not prepared to answer that.'

**The Hon. S.C. MULLIGHAN:** No, I said I am not prepared to give any figures—

**Ms CHAPMAN:** So I am asking you, are you prepared to tell us whether it has settled or not?

**The Hon. S.C. MULLIGHAN:** —until settlement occurs, and then you just said, 'Right, so it is not settled, I understand that.' Unless I have that wrong, Hansard?

**Ms CHAPMAN:** Okay. So having not been settled, this is in respect of the Dean Rifle Range, you still own that with an equitable claim on it, and now a legal claim in the Supreme Court on that property?

**The Hon. S.C. MULLIGHAN:** In terms of where that claim sits, whether it is in the court or whether it is in arbitration or some other mediation process, I do not have that in front of me. All I can say is that it has not been settled yet.

**Ms CHAPMAN:** Of the 20 hectares of the Gillman land to be transferred to Integrated Waste Services, is there a total price of what is to be paid?

**The Hon. S.C. MULLIGHAN:** There is, but I understand that is a matter between the parties. We are not directly brokering.

**Ms CHAPMAN:** At least Renewal SA does not have to budget to pay for that.

**The Hon. S.C. MULLIGHAN:** No.

**Ms CHAPMAN:** Does it come off the bottom line of the amount that ACP pays to Renewal SA in the end?

**The Hon. S.C. MULLIGHAN:** No, it is a transaction between the two of them. The obligations that ACP has to the government remain.

**Ms CHAPMAN:** So we still get the \$100 million if the deal goes through?

**The Hon. S.C. MULLIGHAN:** Yes, we still get the full amount of what the obligations from ACP are to the government.

**Ms CHAPMAN:** Do you have any say on what the price per hectare is to be paid in respect of the 20 hectares of Gillman land to be transferred to IWS?

**The Hon. S.C. MULLIGHAN:** I think it is a matter that is to be settled between the parties.

**Ms CHAPMAN:** But whatever the figure is, I am not asking what it is, I am asking does Renewal SA have any say on how much that is to be transferred by, at what price?

**The Hon. S.C. MULLIGHAN:** No.

**Ms CHAPMAN:** That is all I have in relation to Gillman and TAFE.

**The Hon. S.C. MULLIGHAN:** Plenty of time left over for the members for Hammond and Schubert.

**Ms CHAPMAN:** Absolutely.

**The CHAIR:** Are there any further questions?

**Ms CHAPMAN:** In respect of the TAFE land—

**The Hon. S.C. MULLIGHAN:** But wait, there is more.

**Ms CHAPMAN:** —Mr Reynolds gave evidence on 11 July about the TAFE transfer and explained how it affects their bottom line and what their obligations are under the transfer arrangements. When asked in respect of the intention to sell any of these assets, and it is at the bottom of page 1304 of the transcript of that day, he indicated that he was not aware of the proposed sites. He then said:

...I know the TAFE board is discussing which sites it wants to do and what consolidation it might do. If it chooses to no longer use one of those sites, then it's a matter for Renewal SA to go to market in the normal way, and it would sell and make the return to government for the sale.

There are a couple of questions I have to ask about that. Firstly, has Renewal SA received any notice from TAFE SA of any sites that are surplus to its requirements, that when it gets it later this year it may be able to sell?

**The Hon. S.C. MULLIGHAN:** My understanding is that they are transferring over a series of properties to us and they are retaining a series of properties that they are dealing with separately and potentially for other purposes, but I do not have the details of what they are doing with those other properties.

**Ms CHAPMAN:** Do I understand that the \$650 million worth of property that is being transferred to you is not the whole of the number of campuses of TAFE?

**The Hon. S.C. MULLIGHAN:** That is correct.

**Ms CHAPMAN:** What happened to this idea that is referred to here in the budget as being important that you transfer—the reason Renewal SA is getting these is because they have the best available commercial property management experience and expertise—if you are not getting all of them?

**The Hon. S.C. MULLIGHAN:** As you said in the lengthy preface to your previous question, properties will be transferred over to Renewal for their superintendence and then should, at a later date, there be any use for those they will be dealt with by the agency most appropriate, which is Renewal.

**Ms CHAPMAN:** Why were the remaining campuses owned by TAFE at present not transferred to you for management?

**The Hon. S.C. MULLIGHAN:** That would be a question best put to DSD.

**Ms CHAPMAN:** I will ask Ms Close this afternoon.

**The Hon. S.C. MULLIGHAN:** I think she is on now.

**Ms CHAPMAN:** No; 1.15. You get a bit longer from me yet. In respect of that \$650 million worth of assets, which we now know to be part of the total number of campuses of TAFE, the valuation of those is at what date?

**The Hon. S.C. MULLIGHAN:** My understanding is that it is a valuation that we believe to be accurate at the date of transfer which, as we have said, is estimated to be in the second quarter of this year.

**Ms CHAPMAN:** Does that mean they are all going to be revalued before then?

**The Hon. S.C. MULLIGHAN:** The process is if not complete then underway towards completion.

**Ms CHAPMAN:** And because the government has announced \$15 million to fund a revaluation model for all government assets in this year's budget, are these properties to be revalued according to the new model or has that not yet been—

**The Hon. S.C. MULLIGHAN:** You would have to direct that question to Treasury as to what properties they feel are in scope, but as you could imagine from all of the financial statements in Budget Paper 4 across all the agencies, there is a very broad range of assets which are held by different agencies in different capacities.

**Ms CHAPMAN:** I appreciate that, and the Valuer-General has moved out of your department, I appreciate that.

**The Hon. S.C. MULLIGHAN:** I suggest that, while I am not 100 per cent au fait with the intentions of the Department of Treasury and Finance, those efforts would be directed at those sorts of assets which are held by the broad range of agencies around government.

**Ms CHAPMAN:** And the Valuer-General's department, which has been transferred out of your department as of three weeks ago: were there any discussions with them about that before they left?

**The Hon. S.C. MULLIGHAN:** Did we have a farewell or something?

**Ms CHAPMAN:** No, about this issue of revaluing all the assets—State Valuation Office to the Department of Treasury and Finance from your department.

**The Hon. S.C. MULLIGHAN:** You would have to ask the Treasurer about that.

**Ms CHAPMAN:** I am talking about while it was still with you as of 29 days ago.

**The Hon. S.C. MULLIGHAN:** So, did I discuss a new initiative by the Department of Treasury and Finance to revalue assets across government?

**Ms CHAPMAN:** No, of the valuation office to conduct valuations under a new model, an extra \$15 million then being allocated for it?

**The Hon. S.C. MULLIGHAN:** No. I had had a range of meetings, as you would expect, with the Valuer-General, given that that position reported to me, but I do not think I can recall a figure of \$15 million to be applied towards a revaluation exercise.

**Ms CHAPMAN:** Alright, anyway, it is there now and we have it. At present, you are expecting your agency to have the assets that it gets transferred in the second quarter of this year all revalued before you get them?

**The Hon. S.C. MULLIGHAN:** I think, as I indicated, that process has been underway and continues to be underway.

**Ms CHAPMAN:** And who values them for Renewal SA?

**The Hon. S.C. MULLIGHAN:** We have a series of external independent valuers to undertake that process.

**Ms CHAPMAN:** And they have started doing that?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** What are the number of properties you are getting in the 650?

**The Hon. S.C. MULLIGHAN:** Twenty-seven.

**Ms CHAPMAN:** Twenty-seven properties? Are they 27 sites or are they properties that are—

**The Hon. S.C. MULLIGHAN:** Like spreading over different titles, for example?

**Ms CHAPMAN:** Yes.

**The Hon. S.C. MULLIGHAN:** I would have to come back to you on that—27 sites is what I am referring to.

**Ms CHAPMAN:** Twenty-seven sites is what you understand—thank you. Fortunately, the budget and finance people were able to give us quite a bit of information on that. I will ask one other question in respect of inquiries: is any money budgeted each year by Renewal SA to deal with inquiries by the Auditor-General? I appreciate that they bill you for what they do each year—each agency and each department—but is there any cost to the agency in what they have to do to comply with requests and support to the Auditor-General's Department?

**The Hon. S.C. MULLIGHAN:** I do not believe so. If there is a specific inquiry, the Auditor-General advises the agency being inquired into and provides a cost estimate. My understanding is that, either towards the end or at the end of that inquiry, there is a reconciliation if there is any difference in those costs that need to be recouped from the agency in question.

**Ms CHAPMAN:** Yes; I think we are at cross purposes. I am talking about what extra cost the Auditor-General has, because they send you a bill anyway. I am talking about what cost it is to the agency.

**The Hon. S.C. MULLIGHAN:** The agency is billed by the Auditor-General for those costs that the Auditor-General incurs.

**Ms CHAPMAN:** Correct: what I am saying is that, to support the inquiry of the Auditor-General, who charges you a fee to do it, it also requires the chief executive to enter into correspondence—sometimes it is not very much. For some agencies that we have looked at over the years there has been a huge amount, but sometimes that can take quite a bit of time, especially,

for example, in the Gillman inquiry, where there was a special inquiry by the Auditor-General in respect of the processes used—way before your time, but nevertheless it was significant.

People were called out, had to give evidence and obviously there was a second inquiry in that matter separately by the Independent Commission Against Corruption. Sometimes it is not very much, sometimes it is quite a bit. Was there any budgeted amount of cost to the agency in complying with the Auditor-General's requests in the 2015-16 year and, if so, how much was it?

**The Hon. S.C. MULLIGHAN:** I do not know if it was budgeted, but what we incurred I will take on notice and come back to you.

**Ms CHAPMAN:** Thank you. Did you want to ask anything on those issues?

**The Hon. S.C. MULLIGHAN:** Come on Stefan, you have 45 seconds.

**Ms CHAPMAN:** Sorry, 12.30 I thought.

**Mr KNOLL:** No, he is teasing me, not you.

**Ms CHAPMAN:** Okay, Festival Plaza—

**The Hon. S.C. MULLIGHAN:** Come on, smash them out.

**Ms CHAPMAN:** It would be nice to get the answers but, in any event, the beginning of the Festival Plaza project is referred to at page 78 of the DPTI budget. Obviously, money is starting to be spent, and that is good. We see the backyard being dug up and so on.

**The Hon. S.C. MULLIGHAN:** I think you are mostly concerned with car parks, aren't you? That has been the reverberating concern I have heard around the traps down at parliament.

**Ms CHAPMAN:** I do not park there. I would not dare park there, it is in such a mess.

**The Hon. S.C. MULLIGHAN:** Is it?

**Ms CHAPMAN:** It was even before they started pulling it apart, so let's not talk about the condition of the car park. In any event, of the development itself—

**Mr PEDERICK:** It is a hard hat area.

**Ms CHAPMAN:** Exactly.

**The Hon. S.C. MULLIGHAN:** Of course, you probably do not have to park there as often as some other MPs.

**Ms CHAPMAN:** I am here a lot more often than you are.

**The Hon. S.C. MULLIGHAN:** Do we need to move a motion to extend the deputy leader's time for the estimates committee?

**The CHAIR:** We are here until 12:30.

**Ms CHAPMAN:** We have plenty of time. Can I just say that, obviously, we are still to have the parliament in this place actually determine and conclude the ASER bill to facilitate the development in question but, in respect of that development, the letter of 2012 from Mr Hook to Mr Walker identified that there was to be no government money in respect of this proposed development.

I appreciate things have changed a bit since then, and now there is a very considerable amount of money that is being expended into this agreement which followed. I think about \$180 million is now the government's exposure to this development. Whilst the plans were changed over a period of time, the Attorney-General was on radio at 9am on 28 June this year and, in respect of the tender documents, he said the tender documentation said, 'car park and/or other buildings on top of the car park'. We know that the published program here in fact is a 26-storey building over the road, and that was the means by which the Premier distinguished the original project pre-election from the final project post-election as being justifiable because his suggestion that there was not going to be a commercial property was distinguished by the fact it was now going to be one that was

to be built over the road and, therefore, it was not the same. So, is it the case, to your knowledge, that the original project—

**The Hon. S.C. MULLIGHAN:** Which part of the previous 500 words would you like me to address in your question?

**Ms CHAPMAN:** I have not asked the question yet. Is it the case that your understanding is that the original tender documents included—

**The Hon. S.C. MULLIGHAN:** I would—

**Ms CHAPMAN:** I am just asking. You can take it on notice, if you would like to, rather than shake your head before I have finished. Is it your understanding that the original tender documents disclosed a 'car park and/or other buildings on top of the car park'?

**The Hon. S.C. MULLIGHAN:** I do not know. I will have to take that on notice.

**Ms CHAPMAN:** Thank you. Have the new planning requirements been approved for this project yet?

**The Hon. S.C. MULLIGHAN:** My understanding is that the development approval for the public realm works has been achieved. There are obligations on other parties, particularly Walker, in terms of seeking approvals for the elements of the construction work that they are responsible for. The approval for the construction of the car park, for example, which was to be obtained by Walker following the development plan amendment, still needs to be achieved.

**Ms CHAPMAN:** Who grants that?

**The Hon. S.C. MULLIGHAN:** The Development Assessment Commission (DAC), I am advised.

**Ms CHAPMAN:** That has not yet been concluded; is that right?

**The Hon. S.C. MULLIGHAN:** That is correct.

**Ms CHAPMAN:** Are there any other preconditions that are the subject of the development agreement—which none of us have seen; well, perhaps you have, sir—that need to be met?

**The Hon. S.C. MULLIGHAN:** Yes, there are several.

**Ms CHAPMAN:** What are they?

**The Hon. S.C. MULLIGHAN:** Would you like me to go through them?

**Ms CHAPMAN:** Yes.

**The Hon. S.C. MULLIGHAN:** There is a requirement on the government that, where it pertains to the state, the state obtains all other authority approvals required for the construction of the public realm.

**Ms CHAPMAN:** Can I just stop you there, if I may. How long will that take the government to do?

**The Hon. S.C. MULLIGHAN:** My understanding is that those matters are being finalised and put before the Development Assessment Commission. There is the requirement for the removal and/or the relocation by the state of all artworks and items of cultural or heritage significance necessary for the development to be undertaken. That is to be undertaken jointly between Arts SA and DPTI, and that work—

**Ms CHAPMAN:** And is that underway?

**The Hon. S.C. MULLIGHAN:** That work, I understand, is underway. They have started dismantling, etc.

**Ms CHAPMAN:** Dismantling the artworks, yes. How long is it expected to be before that is completed?

**The Hon. S.C. MULLIGHAN:** As you can imagine, these are very important and sensitive artworks that need to be treated accordingly.

**Ms CHAPMAN:** I do not doubt that for one moment, but I do not know how many are out there and how long you think it will take. Could you give me an estimate?

**The Hon. S.C. MULLIGHAN:** My understanding is that that needs to be completed before the commencement of the delivery of the grade separation—the lowering of Festival Drive. Off the top of my head, and I will have to confirm this, I understand that that grade separation is to occur in, I think, October of this year, so the artwork needs to be removed before then. In fact, I think the removal in earnest is due to commence imminently. Did you want me to keep going?

**Ms CHAPMAN:** Yes.

**The Hon. S.C. MULLIGHAN:** There is a requirement for Walker to enter into a legally binding agreement with SkyCity (and any other) for the sublease of 750 car parking spaces in the car park or such other number as may be agreed between SkyCity and Walker.

**Ms CHAPMAN:** Have they done that?

**The Hon. S.C. MULLIGHAN:** I am advised that a final agreement has been issued to SkyCity for execution, and they are waiting just for that be executed.

**Ms CHAPMAN:** Artworks and various things are already on their way out and I think notices have been given to vacate certain parts of the car park. Obviously, things are happening out there. Just so I am clear about this: are your agencies—both Renewal SA and DPTI, in managing this project jointly—able to continue working notwithstanding that this agreement has not been signed?

**The Hon. S.C. MULLIGHAN:** This particular element of the agreement?

**Ms CHAPMAN:** Yes.

**The Hon. S.C. MULLIGHAN:** Yes, that is correct.

**Ms CHAPMAN:** That is happening or progressing. Anything else?

**The Hon. S.C. MULLIGHAN:** The state and Walker agree to the scope of the public realm works within the budgeted \$40 million, and the works continue on that basis.

**Ms CHAPMAN:** What actually has to be done by the government for that? Anything?

**The Hon. S.C. MULLIGHAN:** Yes. There is obviously the agreement within government of the scope of works. We conduct that not just between DPTI which is the project manager for the project but also the surrounding tenants like the Festival Centre etc., and make sure that we get the public realm design that we seek and want and make sure that we manage that design so that it fits within the budgeted envelope. Then, as I mentioned previously, there is the development approval process for that as well.

**Ms CHAPMAN:** Anything else? Any other preconditions?

**The Hon. S.C. MULLIGHAN:** Yes, there are plenty more, deputy leader. Renewal SA and Walker are to enter into a soil banking agreement, which has been done. And this is something that would be music to a legal practitioner's ears:

The State and Walker (each acting reasonably) agreeing the nature of, and extent to which, any leases, licences, encumbrances, easements or rights need to be surrendered, varied, extinguished or granted in order to grant the Integrated Development Leases—

I understand that that is ongoing—

...[and] achievement of the surrender, variation, extinguishment or grant (as applicable) of all leases, licences, encumbrances, easements and rights which would otherwise prevent the grant of integrated development leases.

The State (acting reasonably) approving Walker's final program for construction of the Car Park and Public Realm—

That is obviously ongoing. The list continues:

The State and Walker (each acting reasonably) agreeing the nature of, and extent to which, any leases, licences, encumbrances, easements or rights need to be surrendered, varied, extinguished or granted in order to facilitate the access to, or construction and subsequent use of the Integrated Development; and achievement of the surrender, variation, extinguishment or grant (as applicable) of all leases, licences, encumbrances, easements and rights in respect of the Integrated Development Land, Ancillary Land or other land adjacent to the Integrated Development Land which would otherwise prevent or enable (as relevant) access to, or the ability to construct the Integrated Development.

And that is ongoing.

**Ms CHAPMAN:** That is it?

**The Hon. S.C. MULLIGHAN:** Let's not overlook the next page:

The State being satisfied that Walker has either:

- a) obtained approval for finance from a financial institution sufficient to satisfy Walker's requirements to finance the construction of the Car Park; or
- b) has the financial capacity to complete construction of the Car Park in its own right.

...the State must also be satisfied as to the extent of any security that any financier may require to take over any Integrated Development lease or in relation to this Agreement generally in relation to the finance refer to in the appropriate clause.

The State procuring the passage of legislation providing for the realignment of easements and ancillary rights within or adjacent to the Integrated Development Land which would otherwise prevent access to or the ability to construct the Integrated Development on the Integrated Development Land—

**Ms CHAPMAN:** That is the ASER bill we have just discussed.

**The Hon. S.C. MULLIGHAN:** Correct—

on a temporary basis, during construction of the Integrated Development; and on a Permanent Basis, upon Completion of Construction of the Integrated Development.

The State and Walker agreeing the design responsibility, final plans, construction program and payment schedule for the Agreed Works.

Walker and the State entering into the Interface Agreement and the State procuring all other relevant parties to enter into the Interface Agreement.

The State and Walker agreeing the terms on which the Retail Curtilage Licence will be issued, subject to the grant of the Retail Lease.

That, I am told, is all of them.

**Ms CHAPMAN:** Thank you. But you still expect the car park to be concluded as scheduled to public works?

**The Hon. S.C. MULLIGHAN:** Yes, I am advised that we can commence the car park works while still attending to the completion of some of these conditions.

**Ms CHAPMAN:** And it is on time?

**The Hon. S.C. MULLIGHAN:** Yes, I am told.

**Ms CHAPMAN:** Mr Richard McLachlan was involved in this project—he is still in the employment of your agency, that is Renewal SA—and attended a number of consultations on this matter. More recently they have been with Mr Hanlon and other members. It became clear from the report from Mr Lander on the Gillman matter, in which he gave evidence, that he had been terminated from this project. Is there any reason for that?

**The Hon. S.C. MULLIGHAN:** I had not understood that to be the case.

**Ms CHAPMAN:** Had you inquired?

**The Hon. S.C. MULLIGHAN:** No.

**Ms CHAPMAN:** Will you?

**The Hon. S.C. MULLIGHAN:** Sure.

**Ms CHAPMAN:** And provide that information to the committee?

**The Hon. S.C. MULLIGHAN:** Yes.

**Ms CHAPMAN:** Regarding the lease arrangements of the commercial property, for which we are yet to have tenants, we have been through all the terms of those. Mr Walker has to try to find interstate and overseas tenants of a certain percentage, etc. What are the lease payments that he has to pay, if any, to the government to have his commercial property on the premises for, I think, 70 years?

**The Hon. S.C. MULLIGHAN:** I will have to take that on notice.

**The CHAIR:** There being no further questions, I thank the minister and his advisers. I thank members of the committee for their civilised conversation today and declare the examination of the proposed payments be referred to committee A.

At 12:29 the committee adjourned until Monday 1 August 2016 at 09:00.